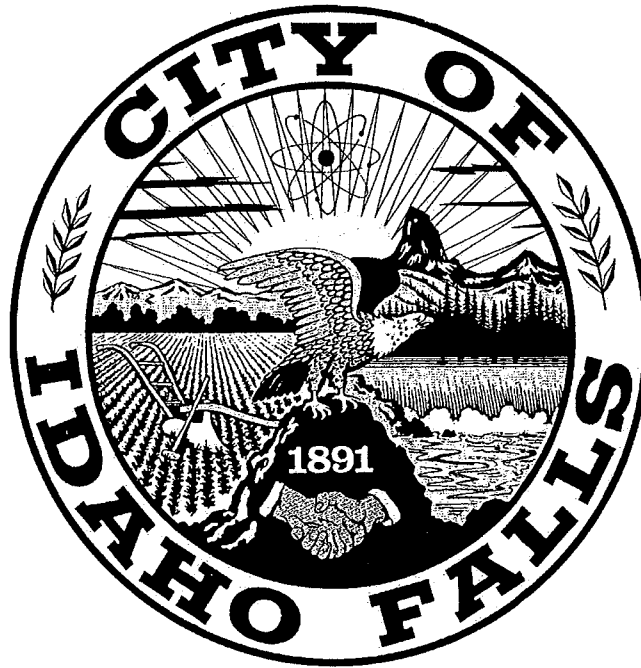


CITY OF IDAHO FALLS, IDAHO



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED
SEPTEMBER 30, 2011

CITY OF IDAHO FALLS, IDAHO
Comprehensive Annual Financial Report
For the fiscal year ended September 30, 2011

Prepared By:
Municipal Services Division
Finance Department
Thane Sparks
Controller

City of Idaho Falls, Idaho
Comprehensive Annual Financial Report
For the Year Ended September 30, 2011

Table of Contents

Introductory Section	Page No.
Title Page	
Letter of Transmittal.....	1
GFOA Certificate of Achievement.....	4
Principal Officials	5
Organizational Chart.....	6
 Financial Section	
Independent Auditor's Report.....	7
Management's Discussion and Analysis	10
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets	20
Statement of Activities	21
Fund Financial Statements:	
Balance Sheet - Governmental Funds	22
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.....	23
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds - To the Statement of Activities	24
Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-GAAP Basis - Budget and Actual - General Fund.....	25
Statement of Net Assets - Proprietary Funds	26
Statement of Revenues, Expenses, and Changes in Fund Net Assets - Proprietary Funds.....	28
Statement of Cash Flows - Proprietary Funds.....	30
Notes to the Financial Statements	33
Combining Statements and Individual Fund Schedules:	
Combining Statements - Nonmajor Governmental Funds:	
Fund Descriptions	58
Combining Balance Sheet - Nonmajor Governmental Funds	60
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds	64
Individual Fund Schedules of Revenues, Expenditures, and Changes in Fund Balances - Non-GAAP Basis - Budget and Actual:	
Street Fund	68
Recreation Fund	69
Library Fund.....	70
Airport Passenger Facility Charge Fund.....	71
Electric Light Public Purpose Fund.....	72
Business Improvement District Fund.....	73
Golf Fund	74
Municipal Capital Improvement Fund	75

City of Idaho Falls
Comprehensive Annual Financial Report
For the Year Ended September 30, 2011

Table of Contents, Continued

Street Capital Improvement Fund.....	76
Bridge and Arterial Street Fund	77
Surface Drainage Fund.....	78
Traffic Light Capital Improvement Fund	79

Statistical Section

**Exhibit
Number**

A-1	Statistical Section Divider	82
	Financial Trend Information:	
B-1	Net Assets by Component, last ten fiscal years	83
B-2	Changes in Net Assets, last ten fiscal years	84
B-3	Fund Balances of Governmental Funds, last ten fiscal years	86
B-4	Changes in Fund Balances of Governmental Funds, last ten fiscal years	87
B-5	Tax Revenues by Source, Governmental Funds, last ten fiscal years.....	88
	Revenue Capacity Information:	
C-1	Assessed Value and Actual Value of Taxable Property, last ten fiscal years	89
C-2	Direct and Overlapping Property Tax Levies, last ten fiscal years	90
C-3	Principal Property Tax Payers	92
C-4	Property Tax Levies and Collections, last ten fiscal years	93
	Debt Capacity Information:	
D-1	Ratios of Outstanding Debt by Type, last ten fiscal years.....	94
D-2	Ratios of General Bonded Debt Outstanding, last ten fiscal years	95
D-3	Direct and Overlapping Governmental Activities Debt as of September 30, 2011.....	96
D-4	Legal Debt Margin Information, last ten fiscal years	97
D-5	Pledged-Revenue Coverage, last ten fiscal years.....	98
	Demographic and Economic Information:	
E-1	Demographic and Economic Statistics, last ten years	99
E-2	Principal Employers, current year and ten years ago.....	100
	Operating Information:	
F-1	Full-time Equivalent City of Idaho Falls Government Employees by Function/Program, last ten fiscal years	101
F-2	Operating Indicators by Function/Program, last ten fiscal years	102
F-3	Capital Asset Statistics by Function/Program, last ten fiscal years.....	103

City of Idaho Falls
Comprehensive Annual Financial Report
For the Year Ended September 30, 2011
Table of Contents, Continued

Single Audit Section

Schedule of Expenditures of Federal Awards	105
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards	107
Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 and Passenger Facility Charge (PFC) Programs.....	109
Independent Auditors' Report on Schedule of Passenger Facility Charges Collected and Expended	111
Schedule of Passenger Facility Charges Collected and Expended	113
Schedule of Findings and Questioned Costs	114

INTRODUCTORY SECTION



City of Idaho Falls

CONTROLLER'S OFFICE

P.O. Box 50220
Idaho Falls, ID 83405-0220

February 1, 2012

To the Honorable Mayor, Members of the City Council
And Citizens of Idaho Falls

The Comprehensive Annual Financial Report (CAFR) of the City of Idaho Falls (City) for the fiscal year ended September 30, 2011 is hereby submitted. Responsibility for the accuracy of the data, and the completeness and fairness of the presentations, including all disclosures, rests with the City and is based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. The administration believes the data, as presented, is accurate in all material respects; that it is presented in a manner designed to fairly set forth the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain an understanding of the City's financial affairs have been included.

Rudd & Company PLLC, a firm of licensed certified public accountants, has audited the City's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2011, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the fiscal year ended September 30, 2011, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

The independent audit of the financial statements was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are contained in the single audit section of this report.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

Profile of the City

The City of Idaho Falls was incorporated in 1889 under the laws of the State of Idaho. The City operates under a Mayor-Council form of government and provides the following services: general administrative services, planning and building, public safety (police, fire, ambulance and animal control), parks and recreation, streets, library, public works, airport, water and sewer, sanitation and electric utility.

The accompanying CAFR includes the financial activities of the City, the primary government, and its component unit, The Idaho Falls Redevelopment Agency.

The City of Idaho Falls is located in the southeastern corner of the state. The City currently occupies a land area of approximately 20 square miles with an estimated population of 56,813. The City has the authority to levy a property tax on both real and personal properties located within its boundaries. It also is empowered by state statute to extend its boundaries by annexation, which occurs as deemed appropriate by the Council.

Policy-making and legislative authority are vested in a governing council (Council) consisting of the Mayor and six council members. The Council is responsible, among other things, for passing ordinances, adopting the budget, confirming committee members and working with various department heads as assigned by the Mayor. The Mayor is responsible for carrying out the policies and ordinances of the Council, overseeing the day-to-day operations of the City; and appointing the heads of the various departments. The Council is elected on a non-partisan basis.

Council members serve four-year staggered terms, with three council members elected every two years. The Mayor is elected to serve a four-year term. The Mayor and council members are elected at large.

An operating, equipment, and capital budget, including proposed expenditures and the means of financing them is proposed by the Mayor to the council members for approval. Budgets are integrated into the accounting system to facilitate management control during the year. Budgetary control is enhanced for governmental funds through the use of an encumbrance system. As purchase orders are issued, corresponding appropriations are reserved by the use of encumbrances for later payment so that appropriations may not be overspent.

Local economy

The Idaho Falls economy can be characterized as a regional center for retail, wholesale, medical, educational and governmental services. Underlying the City economy is a very strong base of agriculture production and processing in barley, potatoes, wheat and cattle. Offsetting the agriculture base is the scientific and hi-tech research and supporting businesses for the Idaho National Labs. This scientific sector means a highly educated work force and high incomes in the local economy. This diversified and regional market economy provides economic stability in jobs, incomes and tax base.

The regional market area extends from the City of Blackfoot to the south of Idaho Falls into Montana and Wyoming on the north and east and on into central Idaho. The state and federal offices in Idaho Falls also serve the Idaho portion of this area. The City is also the County seat. The regional medical center hospital, medical specialties and services are concentrated in Idaho Falls.

The three state universities have a large classroom and research presence in the City and are associated with the National Labs. A two year college provides technical training. There are two school districts and several private school systems.

Idaho Falls is the regional market center on the western side of Yellowstone Park and Jackson Hole. To the west is the Craters of the Moon. The outdoor activities of fly fishing, hunting, skiing, snowmobiling, hiking and sightseeing support many businesses and manufacturers. The tourism and entertainment business within the City is growing and supporting more and more jobs and businesses. The state's largest museum is in Idaho Falls which anchors a growing cultural tourism sector.

Because of its location in a region with a varied economic base, unemployment has been relatively stable. Currently the City is experiencing some of the same economic downturn as the rest of the country. Within the past ten years, the unemployment rate has reached a high of 7.0 percent this year (2011) to a low of 2.4 percent in the year (2007). The unemployment rate at the end of fiscal year 2011

was 7.0 percent which reflects the slow recovery of the job market during this economic downturn. Idaho Falls continues to experience some of the lowest unemployment rates in the nation. The economy is expected to continue to diversify and grow in the manufacturing and technology industries.

Long-term financial planning

Unassigned fund balance in the general fund (40.1 percent of total general fund O&M expenses) is above the policy guidelines set by the Council for budgetary and planning purposes of at least 3 months of O&M expenses in reserve. The City is continuing to be financially stable during this economic downturn.

The Council also maintains and reviews a five year capital plan that outlines major purchases and projects. Some of the major projects being planned and reviewed are the reconstruction of the intersection at 17th Street and Hitt, reconstruction of Memorial Drive, replacement of the D Street and Yellowstone underpass, waste water treatment plant upgrades, continued improvements within Ryder Park, and a new building to house the law enforcement. Funding options are being considered and are not set at this time. The City is continuing to improve park area centered on the greenbelt for the benefit of the residents and visitors of this area.

Relevant financial policies

It is the City's policy that "onetime" resource inflows not be used for operating purposes. Accordingly all grants received are designated and spent for the purposes that they were applied for.

Major initiatives

A few of the important initiatives facing the City to be addressed at the state level are water rights, highway funding, road maintenance, property taxes, annexation authority, revenue sharing, and local option taxation. The state's focus for the upcoming legislature session is budget shortfall, job creation, education, and health care. At this point it appears few of the City's major initiatives will be addressed in this upcoming year at the state level.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Idaho Falls for its comprehensive annual financial report for the fiscal year ended September 30, 2010. This was the twenty second consecutive year that the City of Idaho Falls has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report could not have been accomplished without the professional, efficient, and dedicated services of the entire staff of the City Controller's Office, together with assistance from other Departments and Divisions of the City, and the assistance of the City's independent auditor, Rudd & Company PLLC. All of these efforts are greatly appreciated.

Respectfully submitted,

Thane Sparks

Thane Sparks
Controller

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Idaho Falls
Idaho

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Linda C. Danison

President

Jeffrey R. Emer

Executive Director

City of Idaho Falls

Principal Officials

September 30, 2011

City Council

Jared Fuhriman
Ida Hardcastle
Karen Cornwell
Thomas Hally
Michael Lehto
Ken Taylor
Sharon Parry

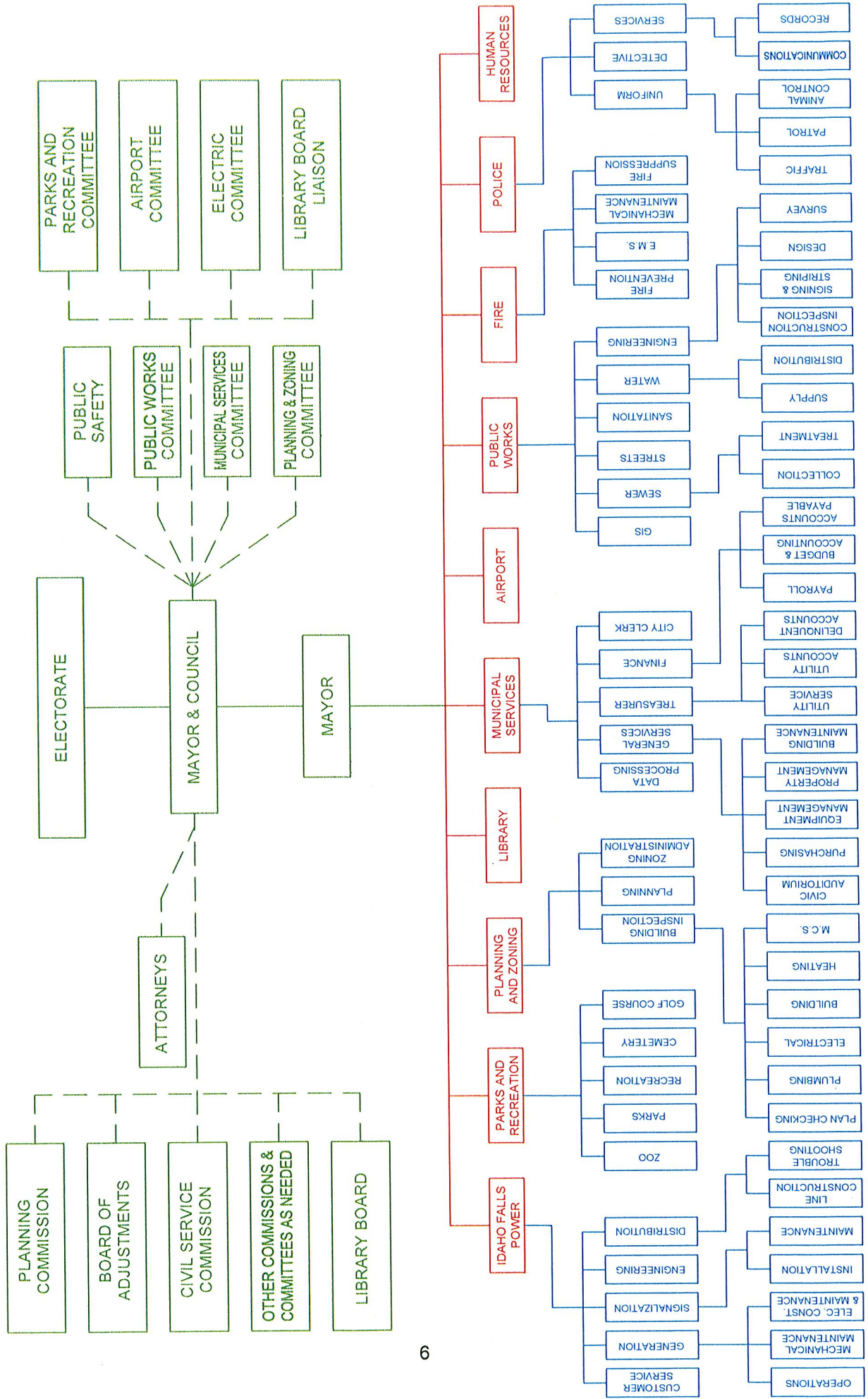
Mayor
Mayor Pro Tem/Council Member
Council Member
Council Member
Council Member
Council Member
Council Member

Other Principal Officers

Dale Storer
David Christiansen
Dean Ellis
Jackie Flowers
Len Nelson
Steve Roos
S. Craig Lords
Renee Magee
Chad Stanger
Robert Wright
Brian Sagendorf

City Attorney
Parks & Recreation Director
Fire Chief
Electric Light Director
Airport Director
Police Chief
Municipal Services Director
Planning & Zoning Director
Public Works Director
Library Director
Human Resources Director

CITY OF IDAHO FALLS ORGANIZATION



FINANCIAL SECTION



RUDD COMPANY^{LLC}

INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members of the City Council
City of Idaho Falls, Idaho

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information, including PFC quarterly reports of the City of Idaho Falls, Idaho, as of and for the year ended September 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Idaho Falls, Idaho's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Electric Light Fund, which is both a major fund and 49%, 45% and 69% respectively, of the assets, net assets and revenues of the business-type activities. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Electric Light Fund, is based on the report of other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Idaho Falls, Idaho as of September 30, 2011, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2012, on our consideration of the City of Idaho Falls, Idaho's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance the *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 9 through 18 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Idaho Falls, Idaho's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, the budgetary comparison schedules and the statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. The combining and individual nonmajor fund financial statements, the budgetary comparison schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements themselves, and other additional procedures, in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the report of other auditors, the information is

fairly stated in all material respects in relation to the financial statements taken as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Idaho Falls, Idaho's basic financial statements. The introductory section and statistics sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Rudd & Company

January 31, 2012

Management's Discussion and Analysis

The discussion and analysis of the City of Idaho Falls' financial performance provides an overall review of the City's financial activities for the year ended September 30, 2011. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the transmittal letter and the basic financial statements to enhance their understanding of the City's financial performance.

Financial Highlights

- The assets of the City exceeded its liabilities at September 30, 2011 by \$386,603,630. Of this amount, \$94,765,295 of unrestricted net assets may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's net assets increased \$11,460,901 as a result of this year's operations. The governmental net assets increased by \$1,264,707 and the business-type net assets increased by \$10,196,194.
- At September 30, 2011, the City's governmental activities reported combined ending net assets of \$124,917,124, an increase of \$1,264,707 in comparison with the prior year. Approximately 23 percent of this amount, \$28,792,682, is available for spending at the City's discretion.
- The unassigned fund balance for the general fund was \$14,852,980 or 40.1 percent of the total general fund expenditures.
- Total liabilities decreased by \$7,791,819, which represents a 18 percent decrease from 2010.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Idaho Falls' basic financial statements. The City's basic financial statements comprise three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, streets, culture, recreation and public works. The business-type activities of the City include the airport, water and sewer, sanitation, ambulance and electric operations.

The government-wide financial statements include not only the City itself (known as the primary government), but also a legally separate redevelopment agency, a component unit of the City. Financial information for the component unit is reported separately from the financial information presented for the primary government.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains thirteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, which is considered to be a major fund. Data from the other twelve governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

Proprietary funds. The City maintains two different types of proprietary funds. Enterprise funds (one type of a proprietary fund) are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its airport, water and sewer, sanitation, ambulance and electric operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses an internal service fund to account for workers' compensation claims as a self-insurance mechanism. Because this service predominantly benefits governmental rather than business-type functions, it has been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the airport, water and sewer, sanitation, ambulance and electric operations, all of which are considered to be major funds of the City.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the basic financial statements.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$386,603,630 at September 30, 2011.

By far the largest portion of the City's net assets (74.9 percent) reflects its net investment in capital assets (e.g., land, infrastructure, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Idaho Falls' Net Assets

	Governmental Activities		Business-type activities		Total	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$ 38,896,541	\$ 39,225,929	\$ 88,688,764	\$ 84,726,335	\$127,585,305	\$123,952,264
Capital assets	95,102,500	93,304,031	199,494,859	201,257,287	294,597,359	294,561,318
Total assets	133,999,041	132,529,960	288,183,623	285,983,622	422,182,664	418,513,582
Long-term liabilities outstanding	5,521,747	5,465,893	23,811,561	30,704,132	29,333,308	36,170,025
Other liabilities	3,560,170	3,411,650	2,685,556	3,789,178	6,245,726	7,200,828
Total liabilities	9,081,917	8,877,543	26,497,117	34,493,310	35,579,034	43,370,853
Net assets:						
Invested in capital assets, net of related debt	95,102,500	93,304,031	194,627,548	192,686,784	289,730,048	285,990,815
Restricted	1,021,942	1,213,034	1,086,345	1,553,210	2,108,287	2,766,244
Unrestricted	28,792,682	29,135,352	65,972,613	57,250,318	94,765,295	86,385,670
Total net assets	\$124,917,124	\$123,652,417	\$261,686,506	\$251,490,312	\$386,603,630	\$375,142,729

An additional portion of the City's net assets (.55 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$94,765,295) may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of the current year, the City was able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same held true for the prior fiscal year.

The net assets of the City as a whole increased \$11,460,901 (3.0 percent) from \$375,142,729 at September 30, 2010 to \$386,603,630 at September 30, 2011. Governmental activities increased \$1,264,707 (1.0 percent) over the prior year while the business-type activities increased \$10,196,194 (3.9 percent) over the same period.

Governmental activities. Governmental activities increased the City's net assets by \$1,264,707, thereby accounting for 11 percent of the total growth in the net assets of the City. Key elements of this increase are as follows:

City of Idaho Falls' Changes in Net Assets

	Governmental activities		Business-type activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program revenues:						
Charges for services	\$ 7,750,035	\$ 7,770,108	\$ 81,336,739	\$ 78,199,451	\$ 89,086,774	\$ 85,969,559
Operating grants and contributions	924,186	625,402	1,898,908	1,660,981	2,823,094	2,286,383
Capital grants and contributions	1,417,726	882,387	2,634,332	1,567,924	4,052,058	2,450,311
General revenues:						
Property taxes	27,033,901	26,890,757			27,033,901	26,890,757
Other taxes	6,968,370	6,924,325			6,968,370	6,924,325
Other	1,037,524	2,284,499	452,388	652,973	1,489,912	2,937,472
Total revenues	45,131,742	45,377,478	86,322,367	82,081,329	131,454,109	127,458,807
Expenses:						
General government	7,241,664	6,745,582			7,241,664	6,745,582
Public safety	21,326,762	20,478,897			21,326,762	20,478,897
Streets	7,804,662	7,053,652			7,804,662	7,053,652
Culture and recreation	9,737,993	10,055,502			9,737,993	10,055,502
Public works	1,598,222	1,901,223			1,598,222	1,901,223
Airport			4,886,476	4,196,279	4,886,476	4,196,279
Water and sewer			13,184,461	12,569,738	13,184,461	12,569,738
Sanitation			3,449,080	3,265,698	3,449,080	3,265,698
Ambulance			3,179,427	3,160,466	3,179,427	3,160,466
Electric			47,584,461	48,572,917	47,584,461	48,572,917
Total expenses	47,709,303	46,234,856	72,283,905	71,765,098	119,993,208	117,999,954
Increase (decrease) in net assets before transfers	(2,577,561)	(857,378)	14,038,462	10,316,231	11,460,901	9,458,853
Transfers	3,842,268	2,897,593	(3,842,268)	(2,897,593)		
Increase (decrease) in net Assets	1,264,707	2,040,215	10,196,194	7,418,638	11,460,901	9,458,853
Net assets – October 1	123,652,417	121,612,202	251,490,312	244,071,674	375,142,729	365,683,876
Net assets – September 30	\$124,917,124	\$123,652,417	\$261,686,506	\$251,490,312	\$386,603,630	\$375,142,729

- Property taxes increased by \$143,144 (.5 percent) during the year. This is due to increased tax collections by the County. The tax amount that was levied for the year remained the same as the prior year.
- Operating grants increased by \$298,784, mostly as a result of money received from the Community Development Block Grant (CDBG) from the federal government.
- Capital grants increased by \$535,339, mostly as a result of increase developer contributed streets and storm drainage systems.

Governmental activity expenses increased \$1,474,447 (3.1 percent) reflecting the increased cost of goods and services. There were several additional maintenance projects that were completed this year. Within the streets function there were increased costs due to snow removal and \$600,000 was transferred from the general fund for street overlays. The council approved an additional \$1,200,000 to be transferred from the general fund for street overlays in the next two years.

Business-type activities. Business-type activities increased the City's net assets by \$10,196,194, accounting for 89 percent of the total growth in the government's net assets. Key elements of this increase are as follows:

- Charges for services for business-type activities increased by \$3,137,288 (3.9 percent). The electric light utility accounts for a significant portion of this increase, which resulted from increased power sales to various entities due to the increased water flows on the river and a slight decrease in demand of electricity from the City's utility customers. The water flow of the river continues to be above normal due to above average moisture received in both snow pack and rain.
- The electric light utility has received a 50 percent matching federal grant for the development and installation of a smart metering program within the City. During the year the utility was reimbursed \$951,380 under this grant.
- The airport fund, water and sewer fund, and the electric fund had contributed capital during the year with a \$2,634,332 value.
- Debt and accrued interest were reduced \$6,973,871.

Financial Analysis of the City's Funds

Governmental funds. The City uses governmental funds to provide information on near-term receipts, disbursements, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the City's net resources available for spending at the end of the fiscal year.

As of September 30, 2011, the City's governmental funds reported combined ending fund balances of \$34,100,409, a decrease of \$417,843 in comparison with the prior year. Approximately 43.6 percent of this total amount, \$14,852,980 constitutes unassigned fund balance within the general fund, which is available for spending at the government's discretion. The remainder of fund balance is classified as non-spendable in the form of inventories and prepaid items, restricted, committed or assigned for specific activities and projects. These amounts are not available for new spending because it has already been committed 1) spending purposes of the special revenue and capital project funds, 2) to buy equipment replacements, 3) loans, 4) construction contracts, or 5) for a variety of other purposes.

The general fund is the chief operating fund of the City. At September 30, 2011, unassigned fund balance of the general fund was \$14,852,980, while total fund balance reached \$22,463,463. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditure. Unassigned fund balance represent 40.1 percent of total general fund expenditure, while total fund balance represents 60.7 percent of that same amount.

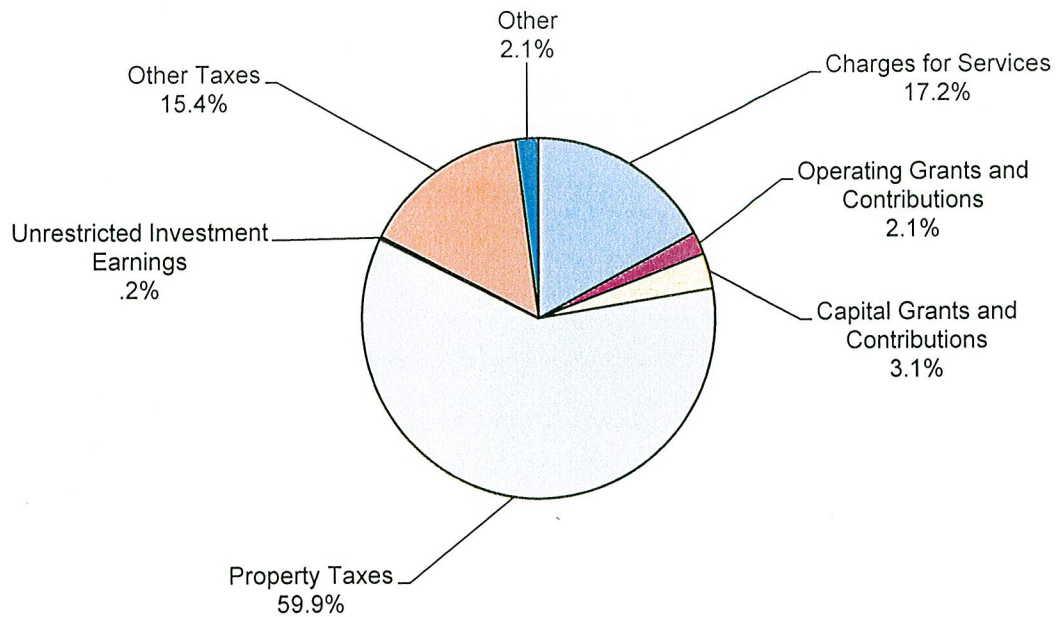
The fund balance of the City's general fund decreased by \$336,006 during the current fiscal year. The key factors in this are as follows:

- Increased spending on capital projects that were planned and budgeted including several parks and recreation projects and land acquisitions.
- The general fund transferred \$600,000 to the street fund for overlay construction and \$425,000 to the golf fund to cover the fund's cash shortage resulting from a weak economy.
- There were increased employee expenses with wages and benefits.
- Increased fuel costs resulted in an increased budgeted expenditure.

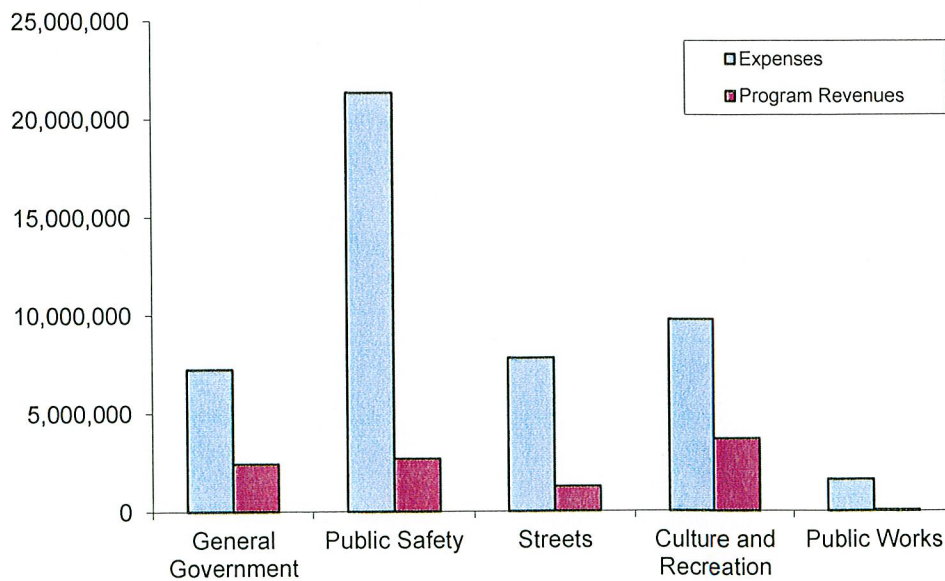
Proprietary funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of all the proprietary funds at September 30, 2011 amounted to \$66,940,012. Of that total electric operation amounted to \$33,576,577 or 50.2 percent. The total increase in net assets for the funds was \$10,263,593 compared to the prior year unrestricted net assets. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

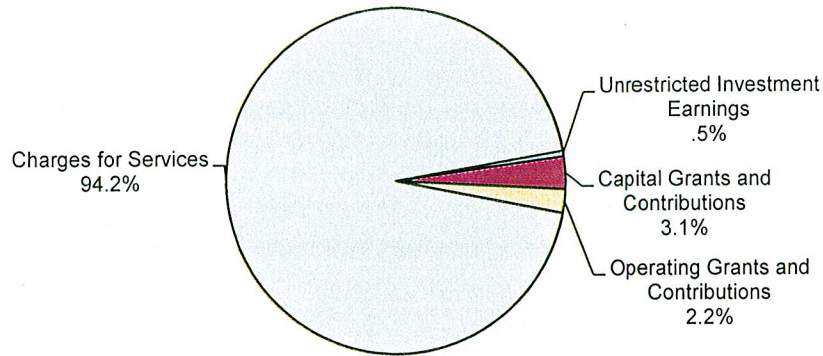
2011 Revenues by Source - Governmental Activities



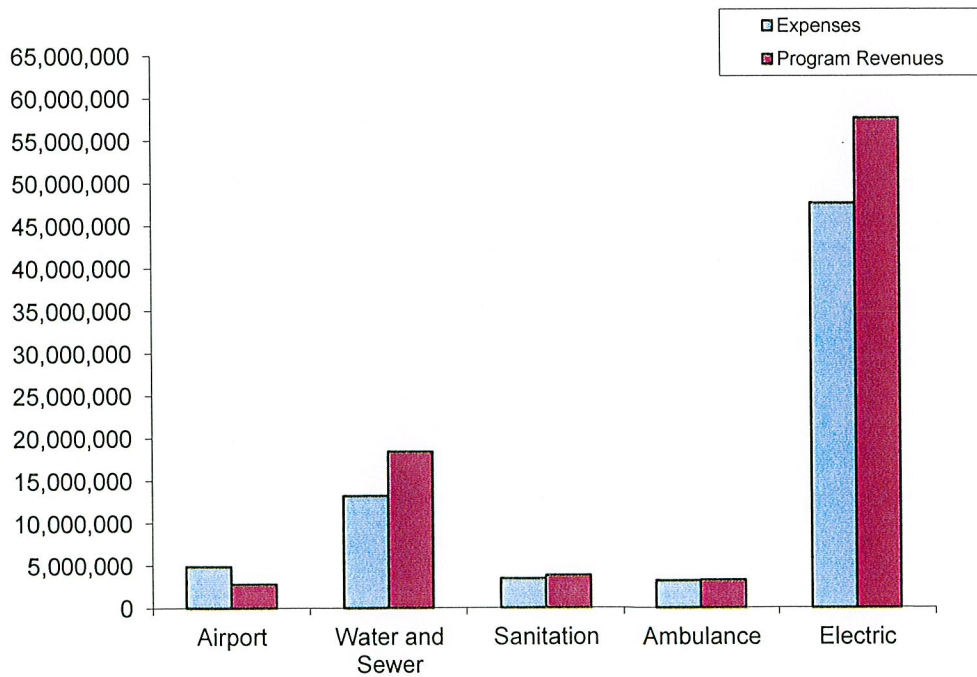
2011 Expenses and Program Revenues - Governmental Activities



2011 Revenues by Source - Business-type Activities



2010 Expenses and Program Revenues - Business-type Activities



General Fund Budgetary Highlights. The City did not amend the 2011 general fund budget.

The major differences between the budget and actual for the general fund are summarized as follows:

- The general fund actual revenues exceeded budgeted revenues by \$607,264 mainly due to reimbursement of \$362,965 of previously paid and unspent health insurance premiums from Blue Shield of Idaho.
- General government administrative expenses were \$2,500,630 less than budgeted due to prior year encumbrance carryover and cost of living was not given.
- A few budgeted capital projects were not started by the end of the budget year and other cost savings.

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business type activities as of September 30, 2011 amounts to \$294,597,359 (net of accumulated depreciation). Capital assets include land, infrastructure, buildings, improvements other than buildings, machinery and equipment and construction in progress.

Major Capital additions during the year were:

- The addition of lights at the soccer complex and improvements to the fishing pond at Ryder Park.
- The water and sewer fund spent \$3,624,442 for new water lines, sewer lines and replacement of existing lines.
- The electric fund added \$3,270,062 in capital for transmission, distribution, generation, and fiber optics.
- Completion of the renovation and addition of the Tautphaus Park hockey complex in the total amount of \$1,818,095.

City of Idaho Falls' Capital Assets

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Land	\$14,509,145	\$14,247,140	\$ 5,753,169	\$ 5,646,369	\$ 20,262,314	\$ 19,893,509
Infrastructure	79,599,151	78,921,595	-	-	79,599,151	78,921,595
Buildings and improvements	39,572,607	35,876,056	346,814,157	340,100,659	386,386,764	375,976,715
Machinery and equipment	18,540,650	18,003,121	29,093,794	26,224,192	47,634,444	44,227,313
Construction in progress	5,786,931	4,138,982	4,934,346	3,720,787	10,721,277	7,859,769
Accumulated depreciation	(62,905,984)	(57,882,863)	(187,100,607)	(174,434,720)	(250,006,591)	(232,317,583)
Total	\$95,102,500	\$93,304,031	\$199,494,859	\$201,257,287	\$294,597,359	\$294,561,318

Additional information about the City's capital assets can be found in Note IV.C in the notes to the financial statements.

Debt administration. At September 30, 2011, the City had \$30,669,639 in business-type debt outstanding compared to \$37,007,936 last year, a 17.1 percent decrease.

City of Idaho Falls' Outstanding Business-type Debt		
	2011	2010
General obligations-zero coupon bonds	\$5,029,084	\$ 6,984,056
Certificates of participation	1,000,000	1,915,000
Compensated absences	2,292,556	2,254,775
Total	<u>\$8,321,640</u>	<u>\$11,153,831</u>

The general obligation bonds are zero coupon bonds. The bonds were sold at a discount with the interest accruing until the bond is callable. Additional information about the City's long-term debt can be found in Note IV.E.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the City is currently 7.0 percent. This rate has remained fairly constant from 6.7 percent a year ago. This compares favorably to the state's average unemployment rate of 8.1 percent.
- Inflationary trends for the City are about the same as the national level.
- The City compares above the average in economic growth during the current downturn in the world economy. Construction work was expected to surge to recovery during 2011 and that did not happen. New construction continues to be weak with a decline in employment. The economic recovery remains optimistic but slow.

These factors and many others were considered in preparing the City's budget for the 2012 fiscal year.

The general fund ended the current year with an unassigned fund balance of \$14,852,980. The City has not appropriated any of this unassigned fund balance for spending in the 2012 fiscal year budget.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Thane Sparks, City of Idaho Falls, 308 Constitution Way, P.O. Box 50220, Idaho Falls, ID 83405.

City of Idaho Falls
Statement of Net Assets
September 30, 2011

	Primary Government			Component Unit
	Governmental	Business-type		Redevelopment
	Activities	Activities	Total	Agency
ASSETS				
Cash and cash equivalents	\$ 15,894,310	\$ 16,179,655	\$ 32,073,965	\$ 1,174,431
Investments	17,752,286	53,639,866	71,392,152	3,294,669
Receivables (net of allowance for uncollectables)	2,857,362	7,340,735	10,198,097	416,007
Internal balances	69,111	(69,111)	-	-
Due from other governments	1,598,449	70,853	1,669,302	-
Inventories	668,262	4,306,748	4,975,010	-
Prepaid charges	56,761	-	56,761	-
Deferred charges	-	261,774	261,774	-
Restricted assets:				
Cash and cash equivalents	-	6,958,244	6,958,244	-
Capital assets (net of accumulated depreciation):				
Land	14,509,145	5,753,169	20,262,314	-
Infrastructure	79,599,151	21,255,316	100,854,467	-
Buildings and improvements	39,572,607	325,558,841	365,131,448	-
Machinery and equipment	18,540,650	29,093,794	47,634,444	-
Construction work in progress	5,786,931	4,934,346	10,721,277	1,177,625
Accumulated depreciation	(62,905,984)	(187,100,607)	(250,006,591)	-
Total assets	133,999,041	288,183,623	422,182,664	6,062,732
LIABILITIES				
Accounts payable	2,666,565	2,384,148	5,050,713	339,861
Contracts payable	10,000	-	10,000	-
Accrued wages payable	584,037	260,325	844,362	-
Security deposits	299,568	18,333	317,901	-
Accrued interest payable from restricted assets	-	22,750	22,750	-
Noncurrent liabilities:				
Due within one year	3,435,729	10,100,334	13,536,063	-
Due in more than one year	1,954,704	13,654,045	15,608,749	12,251,577
Net other postemployment benefits obligation	131,314	57,182	188,496	-
Total liabilities	9,081,917	26,497,117	35,579,034	12,591,438
NET ASSETS				
Invested in capital assets, net of related debt	95,102,500	194,627,548	289,730,048	1,177,625
Restricted for:				
Debt services	-	1,086,345	1,086,345	-
Conservation programs	1,021,942	-	1,021,942	-
Unrestricted	28,792,682	65,972,613	94,765,295	(7,706,331)
Total net assets (deficit)	\$ 124,917,124	\$ 261,686,506	\$ 386,603,630	\$ (6,528,706)

The notes to the financial statements are an integral part of this statement.

City of Idaho Falls
Statement of Activities
For the Year Ended September 30, 2011

Functions/Programs	Program Revenues				Net (Expense) Revenues and Changes in Net Assets			Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	
					Governmental Activities	Business-type Activities		
Primary Government:								
Government activities:								
General government	\$ 7,241,664	\$ 1,505,682	\$ 777,273	\$ 140,976	\$ (4,817,733)	\$ (4,817,733)	\$ (4,817,733)	
Public safety	21,326,762	2,650,242	44,119	-	(18,632,401)	(18,632,401)	(18,632,401)	
Streets	7,804,662	-	-	1,254,290	(6,550,372)	(6,550,372)	(6,550,372)	
Culture and recreation	9,737,993	3,554,707	102,794	22,460	(6,058,032)	(6,058,032)	(6,058,032)	
Public works	1,598,222	39,404	-	-	(1,558,818)	(1,558,818)	(1,558,818)	
Total governmental activities	47,709,303	7,750,035	924,186	1,417,726	(37,617,356)	(37,617,356)	(37,617,356)	
Business-type activities:								
Airport	4,886,476	1,889,682	150,195	777,552		\$ (2,069,047)	(2,069,047)	
Water and sewer	13,184,461	17,767,507	11,496	624,474		5,219,016	5,219,016	
Sanitation	3,449,080	3,796,904	32,370	-		380,194	380,194	
Ambulance	3,179,427	1,620,881	1,639,582	-		81,036	81,036	
Electric	47,584,461	56,261,765	65,265	1,232,306		9,974,875	9,974,875	
Total business-type activities	72,283,905	81,336,739	1,898,908	2,634,332		13,586,074	13,586,074	
Total primary government	\$ 119,993,208	\$ 89,086,774	\$ 2,823,094	\$ 4,052,058	(37,617,356)	13,586,074	(24,031,282)	
Component unit:								
Redevelopment agency	\$ 717,751	-	-	-			\$ (717,751)	
Total component unit	\$ 717,751	\$ -	\$ -	\$ -			(717,751)	
General revenues:								
Property taxes					27,033,901	-	27,033,901	2,484,264
Unrestricted sales tax and revenue sharing					5,582,668	-	5,582,668	-
Franchise taxes					776,813	-	776,813	-
Alcoholic beverage taxes					608,889	-	608,889	-
Unrestricted investment earnings					104,189	452,388	556,577	10,007
Miscellaneous revenues					933,335	-	933,335	8,409
Transfers					3,842,268	(3,842,268)	-	-
Total general revenues and transfers					38,882,063	(3,389,880)	35,492,183	2,502,680
Change in net assets					1,264,707	10,196,194	11,460,901	1,784,929
Net assets (deficit)-beginning					123,652,417	251,490,312	375,142,729	(8,313,635)
Net assets (deficit)-ending					\$ 124,917,124	\$ 261,686,506	\$ 386,603,630	\$ (6,528,706)

The notes to the financial statements are an integral part of this statement.

**City of Idaho Falls
Balance Sheet
Governmental Funds
September 30, 2011**

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 9,651,222	\$ 5,936,011	\$ 15,587,233
Investments	12,959,509	4,792,777	17,752,286
Receivables	1,605,784	1,228,294	2,834,078
Due from other funds	398,006	-	398,006
Due from other governments	809,451	788,998	1,598,449
Inventory	668,262	-	668,262
Prepaid items	56,761	-	56,761
Total assets	<u>\$ 26,148,995</u>	<u>\$ 12,746,080</u>	<u>\$ 38,895,075</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	1,622,067	465,049	2,087,116
Contracts payable	-	10,000	10,000
Accrued wages	514,451	69,586	584,037
Due to other funds	-	396,294	396,294
Security deposits	299,568	-	299,568
Deferred revenue	1,249,446	168,205	1,417,651
Total liabilities	<u>3,685,532</u>	<u>1,109,134</u>	<u>4,794,666</u>
Fund balances:			
Nonspendable	725,023	-	725,023
Restricted	-	1,021,942	1,021,942
Committed	3,943,533	3,162,766	7,106,299
Assigned	2,941,927	7,452,238	10,394,165
Unassigned	14,852,980	-	14,852,980
Total fund balances	<u>22,463,463</u>	<u>11,636,946</u>	<u>34,100,409</u>
Total liabilities and fund balances	<u>\$ 26,148,995</u>	<u>\$ 12,746,080</u>	<u>\$ 38,895,075</u>
Total governmental funds balances			34,100,409
Amounts reported for governmental activities in the statement of net assets are different because:			
Deferred revenue is not available to pay current period expenditures and, therefore, is not reported in the funds.			1,417,651
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			95,102,500
Internal service funds are used by management to charge the costs of workmans compensation to individual funds. The assets and liabilities of the fund are included in governmental activities in the statement of net assets.			(181,689)
Compensated absences (a long-term liability) are not due and payable in the current period and, therefore, are not reported in the funds.			(5,390,433)
Other postemployment benefits obligation (a long-term liability) are not due and payable in the current period and, therefore, are not reported in the funds.			(131,314)
Net assets of governmental activities			<u>\$ 124,917,124</u>

The notes to the financial statements are an integral part of this statement.

City of Idaho Falls
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2011

	General	Other Governmental Funds	Total Governmental Funds
REVENUES			
Taxes	\$ 24,785,662	\$ 2,903,428	\$ 27,689,090
Licenses and permits	508,313	-	508,313
Intergovernmental	5,798,317	4,335,507	10,133,824
Charges for services	852,487	2,772,360	3,624,847
Fines	500,868	100,686	601,554
Interest	73,814	30,376	104,190
Miscellaneous	1,098,487	471,023	1,569,510
Total revenues	<u>33,617,948</u>	<u>10,613,380</u>	<u>44,231,328</u>
EXPENDITURES			
Current:			
General government	7,606,578	376,851	7,983,429
Public safety	21,201,113	-	21,201,113
Streets	-	3,996,278	3,996,278
Culture & recreation	6,444,590	5,376,181	11,820,771
Public works	1,772,224	-	1,772,224
Capital outlay	-	1,717,623	1,717,623
Total expenditures	<u>37,024,505</u>	<u>11,466,933</u>	<u>48,491,438</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,406,557)</u>	<u>(853,553)</u>	<u>(4,260,110)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	4,095,551	1,326,224	5,421,775
Transfers out	(1,025,000)	(554,508)	(1,579,508)
Total other financing sources (uses)	<u>3,070,551</u>	<u>771,716</u>	<u>3,842,267</u>
Net change in fund balances	(336,006)	(81,837)	(417,843)
Fund balances, October 1	22,799,469	11,718,783	34,518,252
Fund balances, September 30	<u>\$ 22,463,463</u>	<u>\$ 11,636,946</u>	<u>\$ 34,100,409</u>

The notes to the financial statements are an integral part of this statement.

City of Idaho Falls
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended September 30, 2011

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances-total governmental funds	(417,843)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	992,528
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets.	805,941
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	121,624
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds (i.e., compensated absences and other postemployment benefits liability).	(55,854)
Internal service funds are used by management to charge the costs of workmans compensation claims to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.	(181,689)
Change in net assets of governmental activities	<u><u>\$ 1,264,707</u></u>

The notes to the financial statements are an integral part of this statement.

City of Idaho Falls
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-GAAP Basis - Budget and Actual
For the Fiscal Year Ended September 30, 2011

	Original and Final Budget	Actual	Variance with Final Budget
REVENUES			
Taxes	\$ 24,732,903	\$ 24,815,757	\$ 82,854
Licenses and permits	509,925	508,313	(1,612)
Intergovernmental	5,707,067	5,765,045	57,978
Charges for services	820,100	852,487	32,387
Fines	556,600	500,868	(55,732)
Interest	75,000	59,342	(15,658)
Miscellaneous	591,440	1,098,487	507,047
Total revenues	<u>32,993,035</u>	<u>33,600,299</u>	<u>607,264</u>
EXPENDITURES			
Current:			
General government	9,822,769	7,322,139	2,500,630
Public safety	20,950,410	20,910,448	39,962
Culture and recreation	5,930,972	6,181,333	(250,361)
Public works	2,031,377	1,772,316	259,061
Total expenditures	<u>38,735,528</u>	<u>36,186,236</u>	<u>2,549,292</u>
Excess of revenues over expenditures	<u>(5,742,493)</u>	<u>(2,585,937)</u>	<u>3,156,556</u>
OTHER FINANCING SOURCES (USES)			
Operating transfers in	4,153,064	4,095,551	(57,513)
Operating transfers out	(891,600)	(1,924,480)	(1,032,880)
Total other financing sources (uses)	<u>3,261,464</u>	<u>2,171,071</u>	<u>(1,090,393)</u>
Net change in fund balances	(2,481,029)	(414,866)	2,066,163
Fund balance, October 1	<u>22,799,469</u>	<u>22,799,469</u>	
Fund balance, September 30	<u>\$ 20,318,440</u>	<u>\$ 22,384,603</u>	<u>\$ 2,066,163</u>

The notes to the financial statements are an integral part of this statement.

City of Idaho Falls
Statement of Net Assets
Proprietary Funds
September 30, 2011

Business-type Activities-Enterprise Funds							Governmental Activities- Internal Service Funds
	Airport	Water & Sewer	Sanitation	Ambulance	Electric	Total	
ASSETS							
Current assets:							
Cash and cash equivalents	\$ 1,871,108	\$ 8,469,521	\$ 921,896	\$ 596,525	\$ 4,320,605	\$ 16,179,655	\$ 307,077
Investments	1,564,957	18,035,231	1,024,678	404,698	32,610,302	53,639,866	-
Receivables (net of allowance for uncollectibles):							
Utility & accounts	30,404	838,791	175,404	682,752	5,425,205	7,152,556	23,284
Interest	1,093	46,792	233	174	139,887	188,179	-
Due from other governments	70,853	-	-	-	-	70,853	-
Inventory	-	1,093,875	-	-	3,212,873	4,306,748	-
Restricted cash and cash equivalents	1,022,750	-	-	-	3,835,494	4,858,244	-
Total current assets	4,561,165	28,484,210	2,122,211	1,684,149	49,544,366	86,396,101	330,361
Noncurrent assets:							
Restricted assets:							
Cash and cash equivalents	-	-	-	-	2,100,000	2,100,000	-
Deferred charges	-	-	-	-	261,774	261,774	-
Capital assets:							
Land	2,615,359	1,028,263	-	-	2,109,547	5,753,169	-
Buildings	14,335,391	2,379,090	430,756	107,537	4,002,542	21,255,316	-
Improvements other than buildings	47,733,407	100,543,441	39,385	-	177,242,608	325,558,841	-
Machinery & equipment	3,098,120	13,493,155	4,803,187	2,119,852	5,579,480	29,093,794	-
Construction work in progress	871,893	-	-	-	4,062,453	4,934,346	-
Less accumulated depreciation	(27,490,635)	(50,877,985)	(3,221,205)	(1,344,297)	(104,166,485)	(187,100,607)	-
Total capital assets (net of accumulated depreciation)	41,163,535	66,565,964	2,052,123	883,092	88,830,145	199,494,859	-
Total noncurrent assets	41,163,535	66,565,964	2,052,123	883,092	91,191,919	201,856,633	-
Total assets	\$ 45,724,700	\$ 95,050,174	\$ 4,174,334	\$ 2,567,241	\$ 140,736,285	\$ 288,252,734	\$ 330,361

Business-type Activities-Enterprise Funds							Governmental Activities- Internal Service Funds
	Airport	Water & Sewer	Sanitation	Ambulance	Electric	Total	
LIABILITIES							
Current liabilities:							
Accounts payable	\$ 72,087	\$ 787,586	\$ 20,601	\$ 11,859	\$ 1,492,015	\$ 2,384,148	\$ 579,449
Accrued wages	12,035	62,193	28,493	40,267	117,337	260,325	-
Due to other funds	236	415	165	186	710	1,712	-
Compensated absences	74,587	307,727	122,293	297,397	628,330	1,430,334	-
Security deposits	4,252	14,081	-	-	-	18,333	-
Certificates of participation	1,000,000	-	-	-	-	1,000,000	-
G.O. bonds payable	-	-	-	-	1,820,851	1,820,851	-
Accrued interest payable-current	22,750	-	-	-	5,849,149	5,871,899	-
Total current liabilities	1,185,947	1,172,002	171,552	349,709	9,908,392	12,787,602	579,449
Noncurrent liabilities:							
Accrued interest-G.O. bonds	-	-	-	-	9,583,590	9,583,590	-
Compensated absences	19,063	253,662	84,899	198,400	306,198	862,222	-
Net other postemployment benefits	5,726	22,794	14,153	10,394	4,115	57,182	-
G.O. bonds payable	-	-	-	-	3,208,233	3,208,233	-
Total noncurrent liabilities	24,789	276,456	99,052	208,794	13,102,136	13,711,227	-
Total liabilities	1,210,736	1,448,458	270,604	558,503	23,010,528	26,498,829	579,449
NET ASSETS							
Invested in capital assets, net of related debt	40,163,535	66,565,964	2,052,122	883,092	84,062,835	193,727,548	-
Restricted for debt service	1,000,000	-	-	-	86,345	1,086,345	-
Unrestricted	3,350,429	27,035,752	1,851,608	1,125,646	33,576,577	66,940,012	(249,088)
Total net assets	\$ 44,513,964	\$ 93,601,716	\$ 3,903,730	\$ 2,008,738	\$ 117,725,757	261,753,905	(249,088)
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.							(67,399)
Net assets of business-type activities							\$ 261,686,506

The notes to the financial statements are an integral part of this statement.

City of Idaho Falls
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended September 30, 2011

	Business-type Activities-Enterprise Funds						Governmental Activities-Internal Service Funds
	Airport	Water & Sewer	Sanitation	Ambulance	Electric	Total	
Operating revenues:	\$ 1,889,682	\$ 17,767,507	\$ 3,796,904	\$ 1,620,881	\$ 55,381,130	\$ 80,456,104	\$ 1,041,207
Operating expenses:							
Operations and maintenance	2,155,159	9,141,650	3,000,126	3,019,521	40,211,153	57,527,609	1,290,295
Depreciation	2,675,231	4,023,579	439,478	148,710	5,641,072	12,928,070	-
Total operating expenses	4,830,390	13,165,229	3,439,604	3,168,231	45,852,225	70,455,679	1,290,295
Operating income (loss)	(2,940,706)	4,602,278	357,300	(1,547,350)	9,528,905	10,000,425	(249,088)
Nonoperating revenues (expenses):							
Intergovernmental	150,195	11,496	32,370	1,639,582	65,265	1,898,908	-
Interest income	7,818	132,745	5,377	2,455	303,993	452,388	-
Other, net	-	-	-	-	880,635	880,635	-
Interest expenses	(52,089)	-	-	-	(1,708,738)	(1,760,827)	-
Total nonoperating revenues (expenses)	105,924	144,241	37,747	1,642,037	(458,845)	1,471,104	-
Net income (loss) before contributions and transfers	(2,834,784)	4,746,519	395,047	94,687	9,070,060	11,471,529	(249,088)
Capital contributions	777,552	624,474	-	-	1,232,306	2,634,332	-
Transfers in	554,508	-	-	-	-	554,508	-
Transfers out	-	(870,908)	(188,036)	-	(3,337,832)	(4,396,776)	-
Change in net assets	(1,502,724)	4,500,085	207,011	94,687	6,964,534	10,263,593	(249,088)
Total net assets-October 1	46,016,688	89,101,631	3,696,719	1,914,051	110,761,223	-	-
Total net assets-September 30	\$ 44,513,964	\$ 93,601,716	\$ 3,903,730	\$ 2,008,738	\$ 117,725,757	\$ (67,399)	\$ (249,088)
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.							(67,399)
Net assets of business-type activities							\$ 10,196,194

The notes to the financial statements are an integral part of this statement.

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City of Idaho Falls
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2011

	Business-type Activities-Enterprise Funds						Governmental Activities- Internal Service Funds
	Airport	Water & Sewer	Sanitation	Ambulance	Electric	Total	
CASH FLOWS FROM OPERATING ACTIVITIES							
Receipts from customers	\$ 1,884,674	\$ 17,481,470	\$ 3,797,418	\$ 1,563,933	\$ 55,800,070	\$ 80,527,565	\$ -
Cash received from other funds	-	-	-	-	-	-	1,017,923
Payments to suppliers	(1,327,504)	(4,703,382)	(1,325,709)	(552,628)	(35,612,244)	(43,521,467)	-
Payments to employees	(836,303)	(4,091,610)	(2,092,488)	(2,553,093)	(5,194,164)	(14,767,658)	-
Claims paid	-	-	-	-	-	-	(710,846)
Other, net	-	-	-	-	1,897,279	1,897,279	-
Net cash provided (used) by operations	(279,133)	8,686,478	379,221	(1,541,788)	16,890,941	24,135,719	307,077
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Transfers from other funds	554,508	-	-	-	-	554,508	-
Transfers to other funds	-	(870,908)	(188,036)	-	(3,337,832)	(4,396,776)	-
Net cash provided (used) by noncapital financing activities	554,508	(870,908)	(188,036)	-	(3,337,832)	(3,842,268)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Capital contributions	777,552	624,474	-	-	-	1,402,026	-
Intergovernmental revenues	150,195	11,496	32,370	1,639,582	-	1,833,643	-
Acquisition and construction of capital assets	(902,917)	(5,299,219)	(41,646)	(146,103)	(4,494,831)	(10,884,716)	-
Principal paid on capital debt	(915,000)	-	-	-	(1,954,972)	(2,869,972)	-
Interest paid on capital debt	(45,500)	-	-	-	(5,725,028)	(5,770,528)	-
Net cash provided (used) by capital and related financing activities	(935,670)	(4,663,249)	(9,276)	1,493,479	(12,174,831)	(16,289,547)	-
CASH FLOWS FROM INVESTING ACTIVITIES							
Proceeds from sale of investments	9,362,892	59,954,375	4,389,646	2,990,080	71,349,049	148,046,042	-
Purchase of investments	(9,108,418)	(63,311,112)	(4,801,051)	(2,758,977)	(79,721,887)	(159,701,445)	-
Earnings on investments	9,022	129,522	5,144	2,473	354,619	500,780	-
Net cash provided (used) by investing activities	263,496	(3,227,215)	(406,261)	233,576	(8,018,219)	(11,154,623)	-

Net increase (decrease) in cash and cash equivalents	(396,799)	(74,894)	(224,352)	185,267	(6,639,941)	(7,150,719)	307,077
Cash and cash equivalents balance, October 1	3,290,657	8,544,415	1,146,247	411,258	16,896,040	30,288,617	-
Cash and cash equivalents balance, September 30	\$ 2,893,858	\$ 8,469,521	\$ 921,895	\$ 596,525	\$ 10,256,099	\$ 23,137,898	\$ 307,077

Reconciliation of operating income (loss) to net cash provided (used) by operating activities:

Operating income (loss)	\$ (2,940,708)	\$ 4,602,278	\$ 357,300	\$ (1,547,350)	\$ 9,528,905	\$ 10,000,425	\$ (1,290,295)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:							
Depreciation expense	2,675,231	4,023,579	439,478	148,710	5,641,072	12,928,070	-
(Increase) decrease in accounts receivable	(2,504)	(24,408)	514	(56,948)	417,602	334,256	(23,284)
(Increase) decrease due from other governments	(46,418)	-	-	-	-	(46,418)	-
(Increase) decrease inventory	-	(124,303)	-	-	188,696	64,393	-
(Decrease) increase accounts payable	66,901	280,919	(358,946)	(7,204)	(787,065)	(805,395)	579,449
(Decrease) increase due to other funds	(392)	(45)	(44)	21	1,328	868	-
(Decrease) increase in accrued liabilities	(31,243)	(71,542)	(59,080)	(79,017)	3,124	(237,758)	-
Other income, net	-	-	-	-	1,897,279	1,897,279	-
Total adjustments	2,661,575	4,084,200	21,922	5,562	7,362,036	14,135,295	556,165
Net cash provided (used) by operating activities	\$ (279,133)	\$ 8,686,478	\$ 379,222	\$ (1,541,788)	\$ 16,890,941	\$ 24,135,720	\$ (734,130)

Noncash investing, capital, and financing activities:

Contributions of capital assets	-	624,474	-	-	280,926	905,400	-
Capital assets traded	-	-	-	-	-	-	-
Transfer of construction work-in-progress to plant in service	-	246,443	-	-	3,270,062	3,516,505	-
Amortization of debt related premium and deferred charges included in interest expense	6,589	-	-	-	66,779	73,368	-

For purposes of the statements of cash flows, cash and cash equivalents are as follows:

	Water and Sewer				Ambulance		Electric		Total	Governmental Activities-Internal Service Funds
	Airport	Sanitation	Sanitation	Sanitation	Ambulance	Ambulance	Electric	Electric	Total	
Cash and cash equivalents reported on the balance sheet	\$ 1,871,108	\$ 8,469,521	\$ 921,896	\$ 921,896	\$ 596,525	\$ 596,525	\$ 4,320,605	\$ 4,320,605	\$ 16,179,655	\$ 307,077
Restricted cash and cash equivalents included in restricted cash	1,022,750	-	-	-	-	-	5,935,494	5,935,494	6,958,244	-
Total cash and cash equivalents	\$ 2,893,858	\$ 8,469,521	\$ 921,896	\$ 921,896	\$ 596,525	\$ 596,525	\$ 10,256,099	\$ 10,256,099	\$ 23,137,899	\$ 307,077

The notes to the financial statements are an integral part of this statement.

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City of Idaho Falls, Idaho
Notes to the Financial Statements
For the Year Ended September 30, 2011

I. Summary of significant accounting policies

A. Reporting entity

The City of Idaho Falls (the City) was incorporated in 1889 under the laws of the State of Idaho. The City operates under a Mayor-Council form of government. The Mayor is elected for a four-year term. The Council consists of six members, each serving a four-year term. The City provides the following services: public safety (police, fire, ambulance and animal control) planning and building, parks and recreation, streets, library, public works, airport, water and sewer, electric, sanitation, and general and administrative services.

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that financial statements are not misleading. The primary government of the City consists of all funds, departments, boards and agencies that are not legally separate from the City. Council directly controls the operation of each of these activities through the budgetary process.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board; and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization's resources; (3) the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the City is obligated for the debt of the organization. Component units may also include organizations for which the City authorizes the issuance of debt or the levying of taxes, or determines the budget.

The component unit column in the accompanying financial statements includes the financial data of the City's only discretely presented component unit. It is reported in a separate column to emphasize that it is legally separate from the City. The City appoints the governing body of the Idaho Falls Redevelopment Agency. The Agency receives tax incremental financing and has authority to issue debt. The Agency was formed to improve certain blighted areas within the City. Complete financial statements of the Agency can be reviewed at the City of Idaho Falls Clerk's Office.

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental activities provided they do not conflict with or contradict GASB pronouncements.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component unit. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. The City currently does not have any fiduciary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as are the proprietary funds. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise fees, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. All other revenue items are considered to be measurable and available only when cash is received by the government.

The City reports the following major governmental fund:

The general fund is the City's primary operating fund. It accounts for all financial resources of the general government such as general administration, police, fire, planning and building, parks and public works, except those required to be accounted for in another fund.

The City reports the following major proprietary funds:

The airport fund accounts for the activities of the City airport. All activities, debt service and capital additions are accounted for in the fund.

The water and sewer fund is used to account for the operations of the water and sewer utility system. The City operates 19 wells, a water distribution system, sewage treatment plant, sewage pumping stations and collection systems.

The sanitation fund accounts for the activities of the City's trash collection operations.

The ambulance fund accounts for the activities of operating the City's ambulance service.

The electric fund accounts for the activities of the City's electric generation, transmission and distribution operations.

The City has elected to include the sanitation and ambulance funds as major proprietary funds.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's water and sewer, sanitation, and electric functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Additionally, the City reports an internal service fund to account for self-insurance and payment of workers' compensation claims for employees of all departments of the City on a cost reimbursement basis.

D. Assets, liabilities, and net assets or equity

1. Cash and investments

The City's cash and cash equivalents are defined as unrestricted cash on hand, demand deposits and short-term investments and restricted cash and investments with original maturities of three months or less from the date of acquisition. Restricted investments are stated at fair value. The City pools its investable funds to maximize interest income. Interest income earned as a result of

pooling is distributed to the appropriate funds based on the average balance of pooled cash of each fund. Unrestricted investments are stated at fair value.

Idaho Code provides authorization for the investment of funds as well as specific direction as to what constitutes an allowable investment. City policy is consistent with this direction.

The City is limited to the following general types of investments:

Certain revenue bonds, general obligation bonds, local improvement district bonds, tax anticipation notes, and registered warrants of state and local governmental entities.

Time deposit accounts.

Bonds, treasury bills, interest-bearing notes, debentures, or other similar obligations of the United States Government and the Farm Credit System.

Repurchase agreements.

Banker's acceptances and prime commercial paper.

Mutual or money market funds.

2. Receivables and payables

Interfund receivables and payables arising from interfund transactions are referred to as either "due from other funds" or "due to other funds" for the current portion with "advances to other funds" or "advances from other funds" for the non-current portion. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

Advances between funds, as reported in the fund financial statements, are classified as assigned in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

Delinquent utility receivables are carried in the accounts of the utility funds for five years from the date of the last transaction, before they are written off against the allowance for doubtful accounts. Such amounts are included in the allowance for doubtful accounts after one year with no activity. All trade receivables are shown net of allowance for uncollectibles.

The property tax levy rate is set in September and the dollar amount is set in November for the new calendar year. Levies are determined on the second Monday of September. All of the personal property tax and one-half of the real property tax are due on or before December 20. The remaining one-half of the real property tax is due on or before June 20, of the following year. Property taxes attach as an enforceable lien on property as of January 1, of the following year. Notice of foreclosure is filed with the County Clerk on property three years from the date of delinquency. The property tax revenue is budgeted for the ensuing fiscal year.

3. Inventory and prepaid items

Inventory is stated at average cost. Inventory for all funds consist of expendable supplies held for consumption and is recorded as expense when consumed (consumption method). Certain insurance premiums and travel advances representing costs applicable to future accounting periods are recorded as prepaid items.

4. Restricted assets

Funds set aside to meet bond reserves, debt service, and renewal and replacement requirements in the enterprise funds, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. Funds set aside to meet conservation loan requirements in the governmental funds, are classified as restricted assets on the balance sheet because their use is limited by the conservation programs.

5. Capital assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The government defines capital assets as assets with an initial, individual cost of more than \$10,000 (amount not rounded) and an estimated useful life in excess of two years. Infrastructure, water and sewer lines, wells, electrical distribution and transmission lines, and generation facility costs are summarized at year-end and recorded as summary totals for the year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

All reported capital assets are depreciated except for land, land improvements and construction in progress. Depreciation is computed using the straight-line method over the following useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	7-50
Improvements other than buildings	5-50
Machinery and equipment	3-50
Infrastructure	25-30

A full year's depreciation is taken in the year assets are placed in service.

6. Compensated absences

a. Governmental funds:

The City reports compensated absences in accordance with the provision of GASB Interpretation No. 6 "Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements". The City uses the current financial resources measurement focus and the modified accrual basis of accounting. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

b. Enterprise funds:

The City reports compensated absences in accordance with the provisions of GASB No. 16, "Accounting for Compensated Absences". Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the City will compensate the employees for the benefits through paid time off or some other means.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits in the future. The amount is based on eligible accumulated sick leave and employee wage rates at retirement.

The entire amount of compensated absences is reported as a fund liability.

The entire compensated absence liability is reported on the government-wide financial statements.

7. Long-term obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

8. Fund equity

In the fund financial statements, governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Designations of fund balance as nonspendable, restricted, committed, assigned, or unassigned is based upon the types of constraints placed on the outstanding balances.

II. Reconciliation of government-wide and fund financial statements

A. Explanation of certain differences between the government fund balance sheet and the government wide statement of net assets

The government fund balance sheet includes reconciliation between fund balance-total governmental funds and net assets-governmental activities as reported in the government-wide statement of net assets. The principal element of that difference is the capital assets reported as net of related debt. However, there is no debt related to the government capital assets; the \$95,102,500 represents the entire net value of the City's governmental capital assets after deducting \$62,905,984 in accumulated depreciation.

B. Explanation of certain differences between the governmental fund statements of revenues, expenditures, and changes in fund balances and government-wide statement of activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between net changes in fund balances-total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that governmental funds report capital outlay

as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The details of this difference are as follows:

Capitalized asset expenditures	\$ 6,550,524
Depreciation expense	<u>5,557,996</u>
Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 992,528</u>

C. Explanation of certain differences between the proprietary fund statement of net assets and the government-wide statement of net assets

The proprietary fund statement of net assets includes a reconciliation between net assets – total enterprise funds and net assets of business-type activities as reported in the government-wide statement of net assets. The description of the sole element of that reconciliation is "Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds." The detail of this (\$67,399) difference is as follows:

Internal payable representing costs in excess of charges to business-type activities – current year	\$ (67,399)
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III. Stewardship, compliance, and accountability

A. Budgetary information

All governmental and proprietary fund types are required to legally adopt an annual budget.

Budgets are not adopted on a basis consistent with generally accepted accounting principles. All unencumbered appropriations lapse at year-end.

The City uses an encumbrance accounting system to provide budgetary control over City expenditures. Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrances outstanding at year-end are reported as committed or assigned fund balances and do not constitute expenditures or liabilities because the commitments will be re-budgeted and re-encumbered during the subsequent year.

The City uses the following procedures in establishing the budgetary data reflected in the financial statements:

On or before June 9 of each year, all divisions of the City submit appropriation requests to the City controller's office so that a budget may be prepared. The budget is prepared for the entire City by fund, function and activity, and includes information on the past year, current year estimates, and requested appropriation for the next fiscal year.

Prior to the fourth Thursday of August, the mayor submits to the city council a proposed budget for the fiscal year commencing October 1. The budget summary includes proposed expenditures and the means of financing them.

A public hearing is conducted to obtain citizen comments.

Prior to October 1, the budget is legally enacted through passage of an appropriation ordinance.

The budget includes the general, special revenue, capital project, and enterprise funds. The level of control (level at which expenditures, including encumbrances, should not exceed budget) is the fund. The legal level of control is the appropriation ordinance.

Any budget transfer within an individual fund by management does not require formal city council approval. State law does allow the city council to amend the original appropriation ordinance.

The City did not amend its original budget ordinance.

B. Deficit fund equity

The Street fund had a deficit cash balance of \$394,582 as of September 30, 2011. The fund relies on shared revenues from the State that have declined and maintenance costs have increased. The General fund transferred \$600,000 to the fund during this fiscal year and will make an additional \$1,600,000 transfer during the next year.

IV. Detailed notes on all funds

A. Cash and investments

The City maintains a cash and investment pool for use by all funds. In addition, the airport fund and the electric light fund each have deposits held separately by a trustee which are classified as restricted.

1. Deposits

At September 30, 2011, the carrying amount of the City's deposits was \$59,659,025 and the respective bank balances totaled \$61,341,394. Of the bank balances, \$32,595,439 were insured or collateralized with pooled securities held by the pledging financial institution in the name of the City.

2. Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned. The City's policy is to minimize custodial credit risk by spreading its deposits among various financial institutions in amounts that either collateralized by other investments or are less than the available insurance amount offered by the financial institutions. As of September 30, 2011, some of the City's deposits totaling \$28,745,955 were not covered by federal depository insurance or by collateral held by the City's agent or pledging financial institution's trust department or agent in the name of the City, and thus were exposed to custodial credit risk. As of September 30, 2011, total deposits of \$32,595,439 were insured or collateralized by deposits held by financial institutions and deposits of \$28,745,955 were unsecured and uncollateralized.

3. Custodial Credit Risk – Investments

As of September 30, 2011, some of the City's investments totaling \$35,128,915 were not covered by federal depository insurance or by collateral held of the City's agent or pledging financial institution's trust department or agent in the name of the City, and thus were exposed to custodial credit risk.

4. Interest Rate Risk

As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy is to structure the investment portfolio so that securities mature to meet cash requirements for ongoing operations primarily by investing in shorter-term securities, money market mutual funds, or similar investment pools.

5. Credit Risk

Credit risk is the risk that an issuer or other counter party to an investment will not fulfill its obligations. It is the City's policy to limit investments to the safest types of securities and to diversify the City's investment portfolio so that potential losses on securities will be minimized. The City follows Idaho statute that outlines qualifying investment options.

6. Investments

The City's investments at September 30, 2011 are summarized below:

<u>Investment Maturities (in Years)</u>						
Investment Type	Rating	Fair Value	Less Than 1	1-5	6-10	More Than 10
U.S. Treasury Notes		\$15,636,421	\$ 1,073,359	\$10,263,062	\$3,500,000	\$800,000
Corporate Bonds	N/A	6,159,777	4,051,691	2,108,086	-	-
Commercial Paper	N/A	22,969,138	28,969,138	-	-	-
Total Investments		\$50,765,336	\$34,094,188	\$12,371,148	\$3,500,000	\$800,000

Reconciliation of deposits categorization:

Cash and Cash Equivalents reported on the Statement of Net Assets	\$32,073,965
Restricted Cash and Cash Equivalent	6,958,244
Investments categorized as deposits	20,626,816
Total deposits categorized	<u>\$59,659,025</u>

Reconciliation of investments categorization:

Investments reported on the Statement of Net Assets	\$71,392,152
Less investments categorized as deposits	(20,626,816)
Total investments categorized	<u>\$50,765,336</u>

7. Restricted Cash and Cash Equivalents

Restricted cash and cash equivalents at September 30, 2011 are as follows:

Electric Light Fund:

Restricted by 1991 General Obligation Electric Refunding Bonds	\$5,935,000
Restricted Security Deposits	494
Total restricted Electric Light Fund	<u>5,935,494</u>

Airport Fund:

Restricted by series 2006 Certificates of Participation	1,022,750
Total restricted Airport Fund	<u>1,022,750</u>
Total Restricted Cash and Cash Equivalents	<u>\$7,321,804</u>

B. Receivables

Receivables as of year-end for the City's major funds and nonmajor funds in the aggregate including the applicable allowance for uncollectibles accounts are as follows:

	General	Airport	Water and Sewer	Sanitation	Ambulance	Electric	Nonmajor Funds	Total
Receivables:								
Taxes	\$1,510,850						\$ 200,200	\$ 1,711,050
Accounts		\$30,404	\$1,287,747	\$269,289	\$2,171,501	\$6,444,496	23,284	10,226,721
Interest	94,934	1,093	46,792	233	174	139,887	6,152	289,265
Loans							1,021,942	1,021,942
Gross receivables	<u>1,605,784</u>	<u>31,497</u>	<u>1,334,539</u>	<u>269,522</u>	<u>2,171,675</u>	<u>6,584,383</u>	<u>1,251,578</u>	<u>13,248,978</u>
Less: allowance for Uncollectibles			(448,956)	(93,885)	(1,488,749)	(1,019,291)		(3,050,881)
Net total receivables	<u>\$1,605,784</u>	<u>\$31,497</u>	<u>\$ 885,583</u>	<u>\$175,637</u>	<u>\$ 682,926</u>	<u>\$5,565,092</u>	<u>\$1,251,578</u>	<u>\$10,198,097</u>

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue reported in the governmental funds were as follows:

Property taxes – (general fund)	\$1,249,446
Property taxes – (nonmajor funds)	<u>168,205</u>
Total deferred revenue for governmental funds	<u>\$1,417,651</u>

C. Capital assets

Capital asset activity for the year ended September 30, 2011 was as follows:

Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 14,247,140	\$ 286,621	\$ (24,616)	\$ 14,509,145
Construction in progress	4,138,982	2,911,112	(1,263,163)	5,786,931
Total capital assets, not being depreciated	18,386,122	3,197,733	(1,287,779)	20,296,076
Capital assets, being depreciated:				
Infrastructure	78,921,595	85,668		79,599,151
Buildings and improvements	35,876,056	1,918,009	(103,952)	39,572,607
Machinery and equipment	18,003,121	1,602,082	(624,765)	18,540,650
Total capital assets being depreciated	132,800,772	3,605,759	(728,717)	137,712,408
Less accumulated depreciation for:				
Infrastructure	(30,310,561)	(2,925,953)		(33,236,514)
Buildings and improvements	(15,280,648)	(1,241,291)	5,880	(16,516,059)
Machinery and equipment	(12,291,654)	(1,390,752)	528,995	(13,153,411)
Total accumulated depreciation	(57,882,863)	(5,557,996)	534,875	(62,905,984)
Total capital assets, being depreciated, net	74,917,909	82,357	(193,842)	74,806,424
Governmental activities capital assets, net	\$ 93,304,031	\$ 3,280,090	\$ (1,481,621)	\$ 95,102,500
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 5,646,369	\$ 106,800		\$ 5,753,169
Construction in progress	3,720,787	4,730,064	\$(3,516,505)	4,934,346
Total capital assets, not being depreciated	9,367,156	4,836,864	(3,516,505)	10,687,515
Capital assets, being depreciated:				
Buildings and improvements	340,100,659	6,713,498		346,814,157
Machinery and equipment	26,224,192	3,143,666	(274,064)	29,093,794
Total capital assets being depreciated	366,324,851	9,857,164	(274,064)	375,907,951
Less accumulated depreciation for:				
Buildings and improvements	(160,647,673)	(11,126,192)		(171,773,865)
Machinery and equipment	(13,787,047)	(1,801,878)	262,183	(15,326,741)
Total accumulated depreciation	(174,434,720)	(12,928,070)	262,183	(187,100,607)
Total capital assets, being depreciated, net	191,890,131	(3,070,906)	(11,879)	188,807,344
Business-type activities capital assets, net	\$201,257,287	\$1,765,958	\$(3,281,940)	\$199,494,859

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 339,579
Public safety	580,108
Streets	3,289,079
Culture and recreation	1,325,374
Public works	23,856
Total depreciation expense – governmental activities	<u>\$ 5,557,996</u>
Business-type activities:	
Airport	\$ 2,675,231
Water & sewer	4,023,579
Sanitation	439,478
Ambulance	148,710
Electric	5,641,072
Total depreciation expense – business-type activities	<u>\$12,928,070</u>

D. Interfund receivables, payables, and transfers

The interfund balances at September 30, 2011 are as follows:

	Interfund Receivables	Interfund Payables
General	\$398,006	
Nonmajor funds		\$396,294
Airport		236
Water and Sewer		415
Sanitation		165
Ambulance		186
Electric Light		710
Total	<u>\$398,006</u>	<u>\$398,006</u>

All remaining balances resulted from the time lag between the dates that the reimbursable expenditures occur and payments between funds are made, which is monthly.

Summary of interfund transfers by fund are as follows:

	Transfers In	Transfers Out
Major funds:		
General	\$4,095,551	\$1,025,000
Airport	554,508	
Water and sewer		870,908
Sanitation		188,036
Electric		3,337,832
Nonmajor funds:		
Governmental funds	1,326,224	554,508
	<u>\$5,976,284</u>	<u>\$5,976,284</u>

Transfers are used to (1) move revenues from the fund the statute requires to collect them in to the fund the budget requires to expend them in, and (2) move in-lieu tax payments from the water and sewer, sanitation and electric funds to the general fund. The City also closed two of its capital project funds, sanitary sewer capital improvement fund and water capital improvement fund, through a transfer to the water and sewer fund.

E. Long-term debt

1. Business-type activities

General obligation bonds. The City has issued general obligation electric refunding (deferred interest) bonds to refund revenue bonds in the electric fund. The bonds are expected to be repaid from operating revenues but are secured by general ad valorem taxes. The original amount of general obligation bonds issued in prior years was \$47,947,985. The interest rates of the outstanding bonds are between 6.95% and 7.10% and are payable in increasing installments of principal over the next five years.

Annual debt service requirements to maturity for general obligation bonds outstanding at September 30, 2011 are as follows:

Year Ending September 30	Principal	Interest
2012	\$1,820,851	\$ 5,849,149
2013	1,693,715	5,956,285
2014	785,658	3,019,342
2015	728,860	3,056,140
Total	<u>\$5,029,084</u>	<u>\$17,880,916</u>

Certificates of participation. The City also issued certificates of participation for the remodeling of the airport terminal building. The airport fund pledges income derived from the acquired or constructed assets to pay the debt service. The original amount of certificates of participation notes issued in prior years was \$6,000,000. The original 2001 certificates were refunded in June, 2006. The new certificates in the amount of \$4,205,000 have a stated rate of interest of 4.550% and are payable in increasing installments of principal over the next year.

Certificates of participation debt service requirements to maturity are as follows:

Year Ending September 30	Principal	Interest
2012	\$1,000,000	

Changes in long-term liabilities. The following is a summary of changes in long-term obligations of the City at September 30, 2011:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Other long-term debt obligations:					
Compensated absences	\$ 5,387,869	\$2,082,996	\$(2,080,432)	\$ 5,390,433	\$ 3,435,729
Other postemployment benefits	78,024	168,838	(115,548)	131,314	
Governmental activity Long-term liabilities	<u>\$ 5,465,893</u>	<u>\$2,251,834</u>	<u>\$(2,195,980)</u>	<u>\$ 5,521,747</u>	<u>\$ 3,435,729</u>
Business-type activities:					
Bonds-notes payable:					
General obligation bonds:					
Electric series 1991	\$ 6,984,056		\$(1,954,972)	\$ 5,029,084	\$ 1,820,851
Electric series 1991- Zero coupon interest	19,515,808	\$1,641,959	(5,725,028)	15,432,739	5,849,149
Certificates of participation Airport series 2006	1,915,000		(915,000)	1,000,000	1,000,000
Total bonds payable	<u>28,414,864</u>	<u>1,641,959</u>	<u>(8,595,000)</u>	<u>21,461,823</u>	<u>8,670,000</u>
Compensated absences	2,254,775	976,173	(938,392)	2,292,556	1,430,334
Other postemployment benefits	<u>34,492</u>	<u>60,428</u>	<u>(37,738)</u>	<u>57,182</u>	
Business-type activity Long-term liabilities	<u>\$30,704,131</u>	<u>\$2,678,560</u>	<u>\$(9,571,130)</u>	<u>\$23,811,561</u>	<u>\$10,100,334</u>

All compensated absences are liquidated by the fund in which it was incurred. The following governmental funds were used to liquidate the liability for compensated absences and other postemployment benefits, general, street, recreation, library, and golf funds.

Prior-year defeasance of debt. The City has at various times entered into advance refunding transactions related to certain issues of its bonded debt. A portion of the proceeds of the refunding bond issues were placed in trust and used to purchase securities to meet all debt service requirements of the refunded debt. The liability for the refunded bonds and the related securities and escrow accounts were not included in the accompanying financial statements as the City defeased its obligations for payment of the refunded debt upon completion of the refunding transactions. At September 30, 2011, refunded bond issues and the related principal payable from escrow are as follows:

	<u>Principal Balance</u>
Bond issue:	
Business-type activities:	
1979 Electric revenue bonds	\$13,035,000

On June 8, 2006, the City issued Airport Refunding Certificates of Participation, Series 2006, in the amount of \$4,205,000 with a stated interest rate of 4.55% to currently refund and redeem Airport Certificates of Participation, Series 2001, with a principal balance of \$4,605,000 and a stated interest rate of 5.80%. Additionally, the City used proceeds from its debt reserve funds to pay the issuance costs of the new certificates, as well as an advanced principal and interest payment on the refunded certificates.

As a result of refunding the 2001 certificates, the City reduced its total debt service cash requirements by \$273,853, resulting in an economic gain (the difference between the present values of the debt service payments on the old debt versus the new debt) of \$132,072.

Bond covenants. Bond ordinance for the certificates of participation require a rate coverage of 1.25. As of September 30, 2011 the rate coverage was .47. This calculation can be seen in the Statistical Section on Exhibit D-5. When the rate coverage was not met in the prior year the City had contacted the trustee, bond counsel, and the certificate holder. The decision was made to deposit all funds needed to make final payment that was due October 1, 2011. On February 15, 2011 the necessary funds were deposited into the escrow account and as of October 1, 2011 the Certificates of Participation have been paid in full. All other significant bond covenants have been complied with.

F. Fund Balances

Fund balance is classified depending on the relative strength of the spending constraints placed on the purposes for which resources can be used as follows:

Nonspendable fund balance – amounts that cannot be spent because they are either (1) not in spendable form or (2) legally or contractually required to be maintained intact.

Restricted fund balance – amounts constrained to specific purposes externally imposed by creditors (such as through debt covenants), grantor and contributors, or laws, or regulations of other governments, or through constitutional provisions, or by enabling legislation.

Committed fund balance – amounts that can only be used for specific purposes, pursuant to constraints imposed by formal action of the government's highest level of decision making authority. In the case of the City it is by Council action.

Assigned fund balance – amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. The Council has assigned the authority to the Municipal Services director to assign amounts and adjustments.

Unassigned fund balance – amounts that represent fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. In other governmental funds, it may be necessary to report a negative residual balance as unassigned.

The City considers restricted amounts to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. Similarly, within unrestricted fund balance, the City considers that committed are reduced first, followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Detail of constraints on fund balances of governmental funds:

	General Fund	Special Revenue Funds	Capital Project Funds	Total
Fund Balances:				
Nonspendable:				
Inventory	\$ 668,262			\$ 668,262
Prepays	56,761			56,761
Restricted for:				
Conservation loans		\$1,021,942		1,021,942
Committed to:				
Culture and recreation improvements	50,973	77,296		128,269
Highway and bridges			\$ 718,770	718,770
Municipal projects	318,246		34,836	353,082
Equipment replacement	3,574,314	2,331,864		5,906,178
Assigned to:				
Insurance and benefits	2,472,573			2,472,573
Public Safety	52,186			52,186
Culture and recreation	417,168	1,907,784		2,324,952
Streets and municipal projects			4,379,449	4,379,449
Business district		63,845		63,845
Conservation program		1,101,160		1,101,160
Unassigned:	14,852,980			14,852,980
Total fund balances	\$22,463,463	\$6,503,891	\$5,133,055	\$34,100,409

The Council has established a minimum fund balance guideline for the general fund. As a general practice the City will strive to maintain total general fund discretionary unassigned fund balance equal to 25% or above of general fund expenditures for the last ended fiscal year. It is recognized by the Council that adequate unassigned fund balance is needed to mitigate current and future risks (e.g., revenue shortfalls and unanticipated expenditures) and to ensure stable tax rates. Fund balance levels are a crucial consideration, too, in long-term financial planning. Fund balance, created as a result of actual revenue and expenditure deviations from the budget will be used to achieve and maintain the City's minimum fund balance goals and to meet the next year's budget expenditure requirements.

V. Other information

A. Retirement plan

The Idaho State Legislature created the Public Employee Retirement System of Idaho (PERSI), a cost-sharing multiple-employer public retirement system. Statutes governing PERSI are Title 59, Chapter 13 and Title 50, Chapter 15 of Idaho Code. PERSI is a defined benefit plan requiring that both the member and the employer contribute. In addition to retirement benefits to the member,

benefits are provided for disability, death, and to survivors of eligible members or beneficiaries. Designed as a mandatory system for eligible state employees, the legislation provided for political subdivisions to participate by contractual agreement with PERSI. The benefits and obligations to contribute to the plans were established by and may be amended by the Idaho State Legislature. Financial reports for the plan are available on the PERSI web site or in print upon request.

After 5 years of credited service members become fully vested in retirement benefits earned to date. Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. For each month of credited service the annual service retirement allowance is 2.0 percent (2.3 percent police/firefighter) of the average monthly salary for the highest consecutive 42 months.

As of September 30, 2011, the required contribution rate as determined by PERSI of covered payroll for the City and employees is as follows:

<u>Employee Group</u>	<u>Employer</u>	<u>Employee</u>
General	10.39%	6.23 %
Police	10.73	7.65
Fire (hired after 10-01-80)	27.97	7.65
Fire (hired before 10-01-80)	36.62	11.45

The City's contributions required and paid were \$5,006,883, \$4,707,087, \$4,698,774 for the years ended September 30, 2011, 2010 and 2009 respectively.

B. Risk management

The City is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omission, injuries to employees, and natural disasters. The City uses public entity commercial insurance contracts to transfer risk of loss to insurance providers.

Major insurance contracts at the year ended September 30, 2011 were as follows:

<u>Type of Coverage</u>	<u>Coverage Amounts</u>	<u>Deductible</u>
Property and equipment	\$171,747,021	\$ 2,500
General liability, per occurrence	500,000	0
General liability, aggregate	2,000,000	N/A
Employee benefits, liability	500,000	0
Automobile, liability	500,000	0
Automobile, comprehensive	500,000	2,500
Automobile, collision	500,000	0
Public officials	500,000	0
Law enforcement, liability	500,000	0
Boiler and machinery	20,000,000	2,500
Airport, liability	50,000,000	None
Umbrella	3,000,000	-0-
Hydro-generation facility:		
Property and boiler and machinery	100,000,000	250,000

Settled claims have not exceeded commercial coverage in any of the past three fiscal years. There has not been a significant reduction in insurance coverage in the past fiscal year.

C. Contingent liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City's counsel the resolution of these matters will not have a material adverse effect on the financial condition of the City.

D. Postretirement health care benefits

The City makes available a single-employer postretirement health insurance in accordance with a City resolution to City employees who retire under PERSI from the City before attaining age 65.

Currently, the City pays \$100 toward each retiree's monthly insurance premium. The retiree pays the balance and all future increases until the retiree reaches age 65 or at the expiration of ten years from the date of retirement, whichever comes first. The City Council may decrease or increase premium contributions of future retirees. However, in no event shall the City decrease the City's premium contribution below the contribution in effect at the time the employee retires.

There were 25 retirees who met the eligibility requirements and participated in the insurance program. Expenditures for post retirement health insurance are recognized on a pay-as-you-go basis. During the year, expenditures of \$28,900 were recognized for postretirement health insurance. Projected future insurance costs for the current retirees are \$92,200.

The City also contributes to the retiree's monthly insurance premium with a subsidy of 1.68% of total active employee's insurance premium. During the year this subsidy amounted to \$124,385. The Council may decrease or increase this premium contribution at any time.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially-determined amounts regarding the funded status of the plan and the annual required contribution of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Actuarial calculations are based on the types of benefits provided under the terms of the plan and on the pattern of shared costs between the employer and plan members, at the time of each valuation. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future. Actuarial calculations reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

Significant methods and assumptions are as follows:

Valuation date	July 1, 2009
Actuarial cost method	Projected Unit Credit (PUC)
Amortization method	Open or rolling 30-year, level % of pay
Amortization period	30 years
Discount rate	4.50%
Health care cost trend rates - medical:	There is no trend on the \$100 per retiree per month benefit. The annual trend on the 1.68% subsidy benefit is 6.0% in valuation year 1, 7.6% in valuation year 2, 6.7% in valuation year 3 gradually decreasing to 4.9% in fiscal year 2061 and remaining at 4.9% thereafter.
Growth in membership	0.00%
Mortality	Basis - RP-2000 Combined Mortality, with generational adjustments
Probability of enrollment upon retirement	75% Electric 15% Non-Electric
Salary increase	3.75%
Probability a retiree enrolls a spouse	30%

The table below summarizes the City's annual cost, actual contributions to the plan, and changes in the net OPEB obligation for fiscal year ended September 30, 2011. These calculations are based on the Actuarial Valuation Date of July 1, 2009:

Annual Required Contributions	\$ 228,358
Interest on Net OPEB Obligation	5,063
Adjustment to Annual Required Contributions	(4,155)
Annual OPEB Expense	229,266
Actual Contributions (employer-paid benefits)	(153,286)
Increase in Net OPEB Obligation	75,980
Net OPEB Obligation – Beginning of Year	112,516
Net OPEB Obligation – End of Year	<u>\$ 188,496</u>

Schedule of funding progress follows:

Valuation Date	Actuarial Value Of Assets	Actuarial Accrued Liabilities	Unfunded Actuarial Accrued Liabilities (UAAL)	Funded Ratio	Covered Electric	Payroll Non-Electric	UAAL As a Percentage of Covered Payroll
July 1, 2007	\$ -	\$1,737,696	\$1,737,696	0%	\$4,395,392	\$24,513,816	6%
July 1, 2009	\$ -	\$2,217,868	\$2,217,868	0%	\$5,030,850	\$28,072,794	7%

Schedule of three year trend information follows:

Fiscal Year Ending	Annual OPEB Expense (AOE)	Actual Contributions		Actual Contributions as a Percentage of AOE*	Net OPEB Obligation/ (Asset) at End of Year **
		Electric	Non-Electric		
September 30, 2009	153,765	13,421	119,959	87%	30,938
September 30, 2010	219,278	13,869	123,831	63%	112,516
September 30, 2011	229,266	13,076	140,210	67%	188,496

* Equals actual incurred claims plus administration less retiree contributions as a percentage of AOE.

** Equals prior year Net OPEB obligation plus current year AOE less actual current year contributions.

E. Idaho Falls Redevelopment Agency

1. Reporting entity

The component unit column in the combined financial statements includes the financial data of the Idaho Falls Redevelopment Agency (Agency), the City's only discretely presented component unit. It is reported in a separate column to emphasize that it is legally separate from the City in accordance with state urban renewal law. The Agency has authority to construct public improvements including the acquisition of public right-a-way within the blighted area legally designated as the redevelopment district. The Mayor appoints the seven-member governing board. The Agency derives its funding from tax increment financing. The Agency is authorized under the provisions of the Idaho Urban Renewal Law of 1965 (Chapter 20, Title 50, Idaho Code).

The Agency contracted with the City to oversee the demolition and construction of a parking lot on the Park and D Street property. The Agency reimbursed the City for the cost of this project. The Agency also paid to the City the cost to cover the time spent by City employees on behalf of the Agency.

2. Summary of significant accounting policies

The Agency uses the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the government receives cash.

3. Deposits and investments

At September 30, 2011, the carrying amount of the Agency's deposits was \$1,174,431 and the respective bank balances totaled \$1,174,431. Of the bank balances, \$250,000 was insured or collateralized with pooled securities held by the pledging financial institutions in the name of the Agency.

As of September 30, 2011, \$924,431 of the Agency's total deposits of \$1,174,431 was not covered by Federal deposit insurance or the Securities Investor Protection Corporation, and thus were exposed to custodial credit risk.

The Agency has elected to invest in the State Investment Pool through the Idaho State Treasurer. The value of the Agency's investments was \$3,294,669.

4. Capital assets

Capital assets such as streets, street improvements, water, sewer, and other capital improvements, which the Agency pays for, are ultimately donated to the City.

5. Long-term debt

The Agency signed a \$4,042,000 Participant Limited Recourse Promissory Note, Series 2004 on November 15, 2004. The note matures on December 31, 2019, and the interest rate is 5.0%.

The Agency signed a \$6,906,310 Participant Limited Recourse Promissory Note, Series 2008 on July 17, 2008. The note matures on December 31, 2029, and the interest rate is 6.25%. On January 16, 2009 the Agency approved an amendment and restatement of this note to include an additional \$1,946,292 for a total note balance of \$8,812,602. All other terms remained the same.

The Agency signed a \$99,482 Limited Recourse Promissory Note, Series 2008 on December 18, 2008. The note matures on December 31, 2019, and the interest rate is 6.25%. The note was paid off and retired during the current fiscal year.

The Agency signed a \$24,259 Limited Recourse Promissory Note, Series 2010 on January 21, 2010. The note matures on December 31, 2019, and the interest rate is 6.25%. The note was paid off and retired during the current fiscal year.

The Agency signed a \$5,518 Limited Recourse Promissory Note, Series 2009 on August 30, 2010. The note matures on December 31, 2019, and the interest rate is 6.25%. The note was paid off and retired during the current fiscal year.

The above notes are not callable, unless in default, and are not subject to prepayment penalty if redeemed. The Agency has agreed to pay the note holder 75% of the tax increment monies which the Agency receives after deductions for the school credit, as set forth in the law, commencing upon receipt of tax increment monies received from the sites (as defined in the OPA's) until the principal is retired, whichever occurs first. The Agency's obligation to the note holders shall only be to pay above-described percentages or the amount of tax increment monies received by the Agency, notwithstanding said amount may be reduced, curtailed, or limited in any way, and there shall be no compounding of interest or amounts added to the principal in the event the tax increment monies are reduced, curtailed or limited in any way.

Because the tax increment monies to be received subsequent to this contract cannot be reasonably estimated, debt service requirements through the next five years have not been disclosed.

6. Changes in long-term debt

A summary of the changes in long-term obligations of the Agency at September 30, 2011:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Promissory note 2004	\$ 3,560,903		\$(145,505)	\$ 3,438,975
Promissory note 2008	8,812,602			8,812,602
Promissory note 2008A	19,025		(19,025)	
Total notes payable	<u>\$12,392,530</u>		<u>\$(140,953)</u>	<u>\$12,251,577</u>

7. Budget

The Agency did prepare a budget for the special revenue funds.

F. Budgetary basis of accounting

While the City reports financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budget, however, is based upon accounting for certain transactions on a modified basis of accounting. The Statement of Revenues, Expenditures and Changes in Fund Balances – Non-GAAP Basis – Budget and Actual, presented for each major governmental fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

Entity differences. Certain funds not included in the annual budgetary statements but which have the characteristics of governmental funds are presented in the General Fund for GAAP purposes.

Basis differences. Budgetary funds are accounted for on the cash basis of accounting, while under GAAP the governmental funds use the modified accrual basis. Accrued revenues and expenditures are recognized in the GAAP financial statements.

The following table summarizes the adjustment necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general fund.

<u>Net Change in Fund Balance</u> <u>General Fund</u>	
Fund balance (budgetary basis)	<u>\$22,384,603</u>
Reconciling adjustments:	
Entity differences:	
Municipal equipment replacement fund reporting:	
Revenues	14,472
Expenditures	(838,269)
Transfers out	<u>899,480</u>
Basis differences:	
Tax receivable	(30,095)
State shared revenue receivable	<u>33,272</u>
Fund balance (GAAP basis)	<u>\$22,463,463</u>

G. Commitments

The City has several active construction projects as of September 30, 2011. The projects include airport improvements, upgrading a water pump station, street and bridge engineering and reconstruction, new well site engineering, replacing old sections of water and sewer line, upgrades to the sewer treatment plant, library expansion, and reconstruction of the north steps at the civic auditorium.

At year-end the City's commitments with contractors are as follows:

<u>Projects</u>	<u>Spent-to- Date</u>	<u>Remaining Commitment</u>
Library expansion	11,629	68,871
Airport improvements	912,548	1,986,324
Civic auditorium north steps	0	147,247
Sewer and water improvements	6,151,634	851,211
Street and bridge improvements	3,628,237	753,459
Total	<u>\$10,704,048</u>	<u>\$3,807,112</u>

The airport improvements are being financed 95% by the Federal Aviation Administration and 5% by the airport. All the other projects are being financed by charges for services and fund balances.

The City has entered into the following agreements for power:

Bonneville Power Administration (BPA) – Effective October 1, 2001, the City entered into a Block and Slice Power Sales Agreement with the BPA. The provisions of this agreement establishes the terms under which the City is committed to purchase power for a period of ten years. The Power Sales Agreement specifies that BPA rates are variable and includes provisions for various adjustments depending on actual load and BPA costs. In addition, the Slice portion of the agreement includes a true up provision that allows BPA to recover Slice costs not previously recovered during the fiscal year along with provisions to true up accounting errors up to five years in arrears.. BPA assesses this true up on an annual basis subsequent to year-end. The true up is generally settled in December for the previous fiscal year. The Slice portion of the agreement commits the City to purchase a fixed percentage of BPA generation which will vary in total quantity from year to year depending on overall snowpack and runoff conditions into the BPA hydro generation system. This can result in surplus power that the City would sell on the open market. These natural variances in hydrological conditions can result in shortages of power that would result in the City purchasing power from the market during low snowpack / runoff situations.

The City entered into a new Block and Slice Power Sales Agreement with BPA that is similar to the previous contract that expired October 21, 2011.

Bulb Turbine Project – Effective October 1, 2006, the City entered into a 5-year power sales agreement to sell the entire output of the bulb turbine project to BPA. The rate is based on an energy market index with a cap and a floor. For the year ended September 30, 2011 and 2010, the City's power sales to BPA under this agreement were \$4,149,295 and \$4,302,978 respectively.

On October 1, 2011, the City entered a new 10 year power sales agreement that is similar to the previous 5-year agreement from 2006-2011.

Gem State Project – The City has entered into a power sales contract and ground lease agreement with PacifiCorp, formerly Utah Power and Light Company. Under the power sales contract, PacifiCorp is entitled to a maximum of 39% of the energy to be produced from the gem state project through 2023. PacifiCorp is required to pay annual amounts equal to its entitlement percentage rate times (1) the variable costs of operating and maintaining the gem state project and (2) the agreed-upon fixed capital cost, plus (3) 5% of the amounts set forth in (1) and (2). For the year ended September 30, 2011 and 2010, PacifiCorp payments under this agreement were \$2,708,669 and \$2,656,243, respectively. The City may, with three years notice, reduce the PacifiCorp entitlement to 25%.

Utah Associated Municipal Power Systems (UAMPS) – Effective October 1, 1996, the City entered into a contract with UAMPS whereby the City agreed to purchase any additional energy requirements not met by BPA and gem state from UAMPS or other sources. Planned purchases and sales to and from UAMPS are based on either market price at MONA or the cost of the resource. Unplanned purchases and sales to and from UAMPS are based on the market price at MONA. For the years ended September 30, 2011 and 2010, power purchases from UAMPS were \$3,038,441 and \$3,773,164, respectively. The contract also allows for the City to sell surplus energy to UAMPS. For the year ended September 30, 2011 and 2010, power sales to UAMPS were \$1,733,515 and \$1,510,025, respectively.

Horse Butte Wind Project – Horse Butte Wind Project is a wind project east of the City of Idaho Falls. The wind project is approved for a 100 MW interconnect with current subscription levels at 56.8 MW. The electric fund intends to participate in the construction of the wind project through its membership in UAMPS. The Council authorized participation in the development phase at a 3 MW subscription level. The current estimate for an online date is early summer of 2012.

Litigation – The City is subject to legal proceedings and claims that arise in the ordinary course of business. In the opinion of the City's management, the ultimate liability with respect to these proceedings and claims will not have a material adverse effect on the City's financial position.

**COMBINING STATEMENTS
(NONMAJOR GOVERNMENTAL FUNDS)**

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COMBINING STATEMENTS
NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted, committed, or assigned to expenditures for specified purposes other than debt service or capital projects.

Street Fund – to account for the operation of the street maintenance department. Financing is provided by state gasoline taxes and state revenue sharing. State law requires that gasoline tax revenue be used to maintain roads and streets.

Recreation Fund – to account for the operation of City-run recreation programs. Property taxes and user fees provide financing. The City restricts these revenues to finance recreation programs.

Library Fund – to account for the operation of the Public Library. Financing is provided principally through property taxes, which are restricted for library operations.

Airport Passenger Facility Charge Fund – to account for the accumulation of cash, which is set aside to purchase specific assets or pay debt service in the airport Fund.

Golf Fund – to account for the operation of the three public owned golf courses; Pinecrest, Sandcreek, and Sage Lakes. User fees provide financing. The City restricts these revenues to finance golf maintenance and operations.

Electric Light Public Purpose Fund – to account for the accumulation of cash which is set aside for the specific purpose of conserving electrical energy.

Business Improvement District Fund – to account for the accumulation of cash which is set aside for specific purposes of the business improvement district.

CAPITAL PROJECTS FUNDS

Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Municipal Capital Improvement Fund – to account for the acquisition and construction of capital assets (including infrastructure). Revenues are derived from property taxes.

Street Capital Improvement Fund – to account for funds received from the State of Idaho which are held for large future street projects.

Bridge and Arterial Street Fund – to account for the construction of bridges and parts of streets which are the responsibility of the City. Revenues are derived from the payment of bridge and arterial street fees.

Surface Drainage Fund – to account for the design, development and construction of drainage interceptors, treatment and/or disposal facilities. Revenues are derived from developer fees.

Traffic Light Capital Improvement Fund – to account for the design and construction of traffic lights. Revenues are derived from in-lieu-of tax payments from the electric light fund.

City of Idaho Falls
Combining Balance Sheet
Nonmajor Governmental Funds

	Special Revenue		
	Street	Recreation	Library
ASSETS			
Cash and cash equivalents	\$ -	\$ 169,589	\$ 589,252
Investments	1,260,183	253,093	1,013,718
Taxes receivable	-	30,952	110,979
Interest receivable	88	100	489
Loans receivable	-	-	-
Due from other governments	766,474	-	22,524
Total assets	<u>\$ 2,026,745</u>	<u>\$ 453,734</u>	<u>\$ 1,736,962</u>
LIABILITIES			
Liabilities:			
Accounts payable	\$ 200,003	\$ 1,118	\$ 77,916
Contracts payable	10,000	-	-
Accrued wages	21,798	9,101	22,689
Due to other funds	394,642	756	684
Deferred revenues	-	25,639	91,930
Total liabilities	<u>626,443</u>	<u>36,614</u>	<u>193,219</u>
FUND BALANCES			
Restricted	-	-	-
Committed	1,400,302	85,662	89,733
Assigned	-	331,458	1,454,010
Total fund balances	<u>1,400,302</u>	<u>417,120</u>	<u>1,543,743</u>
Total liabilities and fund balances	<u>\$ 2,026,745</u>	<u>\$ 453,734</u>	<u>\$ 1,736,962</u>

Special Revenue					
Airport Passenger Facility		Electric Light Public Purpose	Business Improvement District	Golf	Total
\$	-	\$ 512,044	\$ 63,845	\$ 432,117	\$ 1,766,847
	-	600,000	-	545,783	3,672,777
	-	-	-	-	141,931
	-	295	-	-	972
	-	1,021,942	-	-	1,021,942
	-	-	-	-	788,998
\$	-	\$ 2,134,281	\$ 63,845	\$ 977,900	\$ 7,393,467
\$	-	\$ 11,179	\$ -	\$ 5,911	\$ 296,127
	-	-	-	-	10,000
	-	-	-	15,998	69,586
	-	-	-	212	396,294
	-	-	-	-	117,569
	-	11,179	-	22,121	889,576
	-	1,021,942	-	-	1,021,942
	-	-	-	833,463	2,409,160
	-	1,101,160	63,845	122,316	3,072,789
	-	2,123,102	63,845	955,779	6,503,891
\$	-	\$ 2,134,281	\$ 63,845	\$ 977,900	\$ 7,393,467

City of Idaho Falls
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2011

	Capital Projects		
	Municipal Capital Improvement	Street Capital Improvement	Bridge and Arterial Street
ASSETS			
Cash and cash equivalents	\$ 2,066,512	\$ 513,380	\$ 1,214,470
Investments	400,000	-	320,000
Taxes receivable	58,269	-	-
Interest receivable	1,864	-	3,082
Loans receivable	-	-	-
Due from other governments	-	-	-
Total assets	<u>\$ 2,526,645</u>	<u>\$ 513,380</u>	<u>\$ 1,537,552</u>
LIABILITIES			
Liabilities:			
Accounts payable	\$ 92,582	\$ 1,707	\$ 70,268
Contracts payable	-	-	-
Accrued wages	-	-	-
Due to other funds	-	-	-
Deferred revenues	50,636	-	-
Total liabilities	<u>143,218</u>	<u>1,707</u>	<u>70,268</u>
FUND BALANCES			
Restricted	-	-	-
Committed	209,856	344,980	198,770
Assigned	2,173,571	166,693	1,268,514
Total fund balances	<u>2,383,427</u>	<u>511,673</u>	<u>1,467,284</u>
Total liabilities and fund balances	<u>\$ 2,526,645</u>	<u>\$ 513,380</u>	<u>\$ 1,537,552</u>

Capital Projects				
Surface Drainage	Traffic Light Capital Improvement	Total	Total Nonmajor Governmental Funds	
\$ 86,116	\$ 288,686	\$ 4,169,164	\$ 5,936,011	
-	400,000	1,120,000	4,792,777	
-	-	58,269	200,200	
-	234	5,180	6,152	
-	-	-	1,021,942	
-	-	-	788,998	
<u>\$ 86,116</u>	<u>\$ 688,920</u>	<u>\$ 5,352,613</u>	<u>\$ 12,746,080</u>	
\$ -	\$ 4,365	\$ 168,922	\$ 465,049	
-	-	-	10,000	
-	-	-	69,586	
-	-	-	396,294	
-	-	50,636	168,205	
-	4,365	219,558	1,109,134	
-	-	-	1,021,942	
-	-	753,606	3,162,766	
86,116	684,555	4,379,449	7,452,238	
<u>86,116</u>	<u>684,555</u>	<u>5,133,055</u>	<u>11,636,946</u>	
<u>\$ 86,116</u>	<u>\$ 688,920</u>	<u>\$ 5,352,613</u>	<u>\$ 12,746,080</u>	

City of Idaho Falls
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended September 30, 2011

	<u>Special Revenue</u>		
	<u>Street</u>	<u>Recreation</u>	<u>Library</u>
REVENUES			
Taxes	\$ -	\$ 462,165	\$ 1,737,071
Intergovernmental	2,962,615	-	756,419
Charges for services	-	744,709	4,767
Fines	-	-	100,686
Interest	6,735	1,118	3,447
Miscellaneous	11,056	42,632	42,514
Total revenues	<u>2,980,406</u>	<u>1,250,624</u>	<u>2,644,904</u>
EXPENDITURES			
Current:			
General government	-	-	-
Streets	3,996,278	-	-
Culture & recreation	-	1,292,268	2,425,635
Capital outlay	-	-	-
Total expenditures	<u>3,996,278</u>	<u>1,292,268</u>	<u>2,425,635</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,015,872)</u>	<u>(41,644)</u>	<u>219,269</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	600,000	-	-
Transfers out	-	-	-
Total other financing sources and (uses)	<u>600,000</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(415,872)</u>	<u>(41,644)</u>	<u>219,269</u>
Fund balances - beginning	<u>1,816,174</u>	<u>458,764</u>	<u>1,324,474</u>
Fund balances - ending	<u>\$ 1,400,302</u>	<u>\$ 417,120</u>	<u>\$ 1,543,743</u>

Special Revenue				
Airport Passenger Facility	Electric Light Public Purpose	Business Improvement District	Golf	Total
\$ -	\$ -	\$ -	\$ -	\$ 2,199,236
-	-	-	-	3,719,034
554,508	-	-	1,439,104	2,743,088
-	-	-	-	100,686
-	3,515	-	3,079	17,894
-	325,069	49,752	-	471,023
554,508	328,584	49,752	1,442,183	9,250,961
-	331,175	45,676	-	376,851
-	-	-	-	3,996,278
-	-	-	1,658,278	5,376,181
-	-	-	-	-
-	331,175	45,676	1,658,278	9,749,310
554,508	(2,591)	4,076	(216,095)	(498,349)
-	-	-	425,000	1,025,000
(554,508)	-	-	-	(554,508)
(554,508)	-	-	425,000	470,492
-	(2,591)	4,076	208,905	(27,857)
-	2,125,693	59,769	746,874	6,531,748
\$ -	\$ 2,123,102	\$ 63,845	\$ 955,779	\$ 6,503,891

City of Idaho Falls
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended September 30, 2011

	Capital Projects		
	Municipal Capital Improvement	Street Capital Improvement	Bridge and Arterial Street
REVENUES			
Taxes	\$ 704,192	\$ -	\$ -
Intergovernmental	483,126	133,347	-
Charges for services	-	-	25,643
Fines	-	-	-
Interest	6,238	-	4,843
Miscellaneous	-	-	-
Total revenues	1,193,556	133,347	30,486
EXPENDITURES			
Current:			
General government	-	-	-
Streets	-	-	-
Culture & recreation	-	-	-
Capital outlay	1,022,978	367,179	225,032
Total expenditures	1,022,978	367,179	225,032
Excess (deficiency) of revenues over (under) expenditures	170,578	(233,832)	(194,546)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	-	-	-
Net change in fund balances	170,578	(233,832)	(194,546)
Fund balances - beginning	2,212,849	745,505	1,661,830
Fund balances - ending	\$ 2,383,427	\$ 511,673	\$ 1,467,284

Capital Projects				
	Surface Drainage	Traffic Light Capital Improvement	Total	Total Nonmajor Governmental Funds
\$	-	\$ -	\$ 704,192	\$ 2,903,428
	-	-	616,473	4,335,507
	3,629	-	29,272	2,772,360
	-	-	-	100,686
	-	1,401	12,482	30,376
	-	-	-	471,023
	3,629	1,401	1,362,419	10,613,380
	-	-	-	376,851
	-	-	-	3,996,278
	-	-	-	5,376,181
	5,424	97,010	1,717,623	1,717,623
	5,424	97,010	1,717,623	11,466,933
	(1,795)	(95,609)	(355,204)	(853,553)
	-	301,224	301,224	1,326,224
	-	-	-	(554,508)
	-	301,224	301,224	771,716
	(1,795)	205,615	(53,980)	(81,837)
	87,911	478,940	5,187,035	11,718,783
\$	86,116	\$ 684,555	\$ 5,133,055	\$ 11,636,946

City of Idaho Falls, Idaho
Street Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Non-GAAP Basis - Budget and Actual
For The Year Ended September 30, 2011

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
REVENUES			
Highway users' apportionment	\$ 1,825,080	\$ 1,866,162	\$ 41,082
Revenue sharing	1,075,580	1,092,481	16,901
Interest	1,000	189	(811)
Miscellaneous	-	11,057	11,057
Total revenues	<u>2,901,660</u>	<u>2,969,889</u>	<u>68,229</u>
 EXPENDITURES			
Streets	<u>5,025,231</u>	<u>3,996,279</u>	<u>1,028,952</u>
Excess of revenues over (under) expenditures	<u>(2,123,571)</u>	<u>(1,026,390)</u>	<u>1,097,181</u>
 OTHER FINANCING SOURCES (USES)			
Transfers in	-	600,000	600,000
Transfers out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>600,000</u>	<u>600,000</u>
Excess of revenues and other financing sources over (under) expenditures and uses	<u>(2,123,571)</u>	<u>(426,390)</u>	<u>1,697,181</u>
 Fund balances - beginning	<u>1,816,174</u>	<u>1,816,174</u>	<u>-</u>
Fund balances - ending	<u><u>\$ (307,397)</u></u>	<u><u>\$ 1,389,784</u></u>	<u><u>\$ 1,697,181</u></u>

City of Idaho Falls, Idaho
Recreation Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Non-GAAP Basis - Budget and Actual
For The Year Ended September 30, 2011

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
REVENUES			
Property taxes	\$ 484,672	\$ 462,650	\$ (22,022)
Charges for services	745,100	744,709	(391)
Interest	1,000	818	(182)
Miscellaneous	29,250	42,632	13,382
Total revenues	<u>1,260,022</u>	<u>1,250,809</u>	<u>(9,213)</u>
 EXPENDITURES			
Recreation	<u>1,294,885</u>	<u>1,292,269</u>	<u>2,616</u>
 Excess of revenues over (under) expenditures	<u>(34,863)</u>	<u>(41,460)</u>	<u>(6,597)</u>
 OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
 Excess of revenues and other financing sources over (under) expenditures and uses	<u>(34,863)</u>	<u>(41,460)</u>	<u>(6,597)</u>
 Fund balances - beginning	<u>458,764</u>	<u>458,764</u>	<u>-</u>
 Fund balances - ending	<u>\$ 423,901</u>	<u>\$ 417,304</u>	<u>\$ (6,597)</u>

City of Idaho Falls, Idaho
Library Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Non-GAAP Basis - Budget and Actual
For The Year Ended September 30, 2011

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
REVENUES			
Property taxes	\$ 1,737,782	\$ 1,738,784	\$ 1,002
Intergovernmental	746,201	755,698	9,497
Charges for services	8,000	4,767	(3,233)
Fines	78,000	100,686	22,686
Interest	2,000	3,370	1,370
Miscellaneous	37,400	42,514	5,114
Total revenues	<u>2,609,383</u>	<u>2,645,819</u>	<u>36,436</u>
 EXPENDITURES			
Culture	<u>2,915,210</u>	<u>2,438,519</u>	<u>476,691</u>
Excess of revenues over (under) expenditures	<u>(305,827)</u>	<u>207,300</u>	<u>513,127</u>
 OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues and other financing sources over (under) expenditures and uses	<u>(305,827)</u>	<u>207,300</u>	<u>513,127</u>
 Fund balances - beginning	<u>1,324,474</u>	<u>1,324,474</u>	<u>-</u>
 Fund balances - ending	<u><u>\$ 1,018,647</u></u>	<u><u>\$ 1,531,774</u></u>	<u><u>\$ 513,127</u></u>

City of Idaho Falls, Idaho
 Airport Passenger Facility Charge Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances
 Non-GAAP Basis - Budget and Actual
 For The Year Ended September 30, 2011

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
REVENUES			
Charges for services	\$ 560,000	\$ 554,508	\$ (5,492)
Total revenues	<u>560,000</u>	<u>554,508</u>	<u>(5,492)</u>
 EXPENDITURES	 -	 -	 -
 OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	<u>(560,000)</u>	<u>(554,508)</u>	<u>5,492</u>
Total other financing sources (uses)	<u>(560,000)</u>	<u>(554,508)</u>	<u>5,492</u>
 Excess of revenues and other financing sources over (under) expenditures and uses	 -	 -	 -
 Fund balances - beginning	 <u>-</u>	 <u>-</u>	 <u>-</u>
 Fund balances - ending	 <u><u>\$ -</u></u>	 <u><u>\$ -</u></u>	 <u><u>\$ -</u></u>

City of Idaho Falls, Idaho
Electric Light Public Purpose Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Non-GAAP Basis - Budget and Actual
For The Year Ended September 30, 2011

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
REVENUES			
Interest	\$ 7,000	\$ 3,515	\$ (3,485)
Miscellaneous	600,000	325,069	(274,931)
Total revenues	<u>607,000</u>	<u>328,584</u>	<u>(278,416)</u>
 EXPENDITURES			
General government	<u>600,000</u>	<u>331,175</u>	<u>268,825</u>
 Excess of revenues over (under) expenditures	<u>7,000</u>	<u>(2,591)</u>	<u>(9,591)</u>
 OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>
 Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
 Excess of revenues and other financing sources over (under) expenditures and uses	7,000	(2,591)	(9,591)
 Fund balances - beginning	<u>2,125,693</u>	<u>2,125,693</u>	<u>-</u>
 Fund balances - ending	<u>\$ 2,132,693</u>	<u>\$ 2,123,102</u>	<u>\$ (9,591)</u>

City of Idaho Falls, Idaho
Business Improvement District Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Non-GAAP Basis - Budget and Actual
For The Year Ended September 30, 2011

	Final Budget Amounts	Actual Amounts	Variance with Final Budget
REVENUES			
Miscellaneous	\$ 58,000	\$ 49,752	\$ (8,248)
Total revenues	58,000	49,752	(8,248)
 EXPENDITURES			
General government	59,000	45,676	13,324
Excess of revenues over (under) expenditures	(1,000)	4,076	5,076
 OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	-	-	-
Excess of revenues and other financing sources over (under) expenditures and uses	(1,000)	4,076	5,076
Fund balances - beginning	59,769	59,769	-
Fund balances - ending	\$ 58,769	\$ 63,845	\$ 5,076

City of Idaho Falls, Idaho
Golf Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Non-GAAP Basis - Budget and Actual
For The Year Ended September 30, 2011

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
REVENUES			
Charges for services	\$ 1,837,400	\$ 1,439,105	\$ (398,295)
Interest	-	-	-
Miscellaneous	-	-	-
Total revenues	<u>1,837,400</u>	<u>1,439,105</u>	<u>(398,295)</u>
 EXPENDITURES			
Recreation	<u>1,884,681</u>	<u>1,658,278</u>	<u>226,403</u>
 Excess of revenues over (under) expenditures	<u>(47,281)</u>	<u>(219,173)</u>	<u>(171,892)</u>
 OTHER FINANCING SOURCES (USES)			
Transfers in	-	425,000	425,000
Transfers out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>425,000</u>	<u>425,000</u>
 Excess of revenues and other financing sources over (under) expenditures and uses	<u>(47,281)</u>	<u>205,827</u>	<u>253,108</u>
 Fund balances - beginning	<u>746,874</u>	<u>746,874</u>	<u>-</u>
 Fund balances - ending	<u>\$ 699,593</u>	<u>\$ 952,701</u>	<u>\$ 253,108</u>

City of Idaho Falls, Idaho
Municipal Capital Improvement Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Non-GAAP Basis - Budget and Actual
For The Year Ended September 30, 2011

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
REVENUES			
Property taxes	\$ 696,379	\$ 696,172	\$ (207)
Intergovernmental	-	483,126	483,126
Interest	25,000	6,237	(18,763)
Total revenues	<u>721,379</u>	<u>1,185,535</u>	<u>464,156</u>
 EXPENDITURES			
Capital outlay	<u>2,050,000</u>	<u>1,022,978</u>	<u>1,027,022</u>
Excess of revenues over (under) expenditures	<u>(1,328,621)</u>	<u>162,557</u>	<u>1,491,178</u>
 OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues and other financing sources over (under) expenditures and uses	<u>(1,328,621)</u>	<u>162,557</u>	<u>1,491,178</u>
Fund balances - beginning	<u>2,212,849</u>	<u>2,212,849</u>	<u>-</u>
Fund balances - ending	<u>\$ 884,228</u>	<u>\$ 2,375,406</u>	<u>\$ 1,491,178</u>

City of Idaho Falls, Idaho
Street Capital Improvement Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Non-GAAP Basis - Budget and Actual
For The Year Ended September 30, 2011

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
REVENUES			
Charges for services	\$ -	\$ -	\$ -
Intergovernmental	-	133,347	133,347
Interest	-	-	-
Total revenues	-	133,347	133,347
 EXPENDITURES			
Capital outlay	450,000	367,179	82,821
Excess of revenues over (under) expenditures	(450,000)	(233,832)	216,168
 OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	-	-	-
Excess of revenues and other financing sources over (under) expenditures and uses	(450,000)	(233,832)	216,168
Fund balances - beginning	745,505	745,505	-
Fund balances - ending	\$ 295,505	\$ 511,673	\$ 216,168

City of Idaho Falls, Idaho
 Bridge and Arterial Street Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances
 Non-GAAP Basis - Budget and Actual
 For The Year Ended September 30, 2011

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
REVENUES			
Charges for services	\$ 125,000	\$ 25,643	\$ (99,357)
Intergovernmental	-	-	-
Interest	5,000	4,843	(157)
Total revenues	<u>130,000</u>	<u>30,486</u>	<u>(99,514)</u>
 EXPENDITURES			
Capital outlay	<u>1,000,000</u>	<u>225,032</u>	<u>774,968</u>
 Excess of revenues over (under) expenditures	<u>(870,000)</u>	<u>(194,546)</u>	<u>675,454</u>
 OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>
 Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
 Excess of revenues and other financing sources over (under) expenditures and uses	<u>(870,000)</u>	<u>(194,546)</u>	<u>675,454</u>
 Fund balances - beginning	<u>1,661,830</u>	<u>1,661,830</u>	<u>-</u>
 Fund balances - ending	<u>\$ 791,830</u>	<u>\$ 1,467,284</u>	<u>\$ 675,454</u>

City of Idaho Falls, Idaho
Surface Drainage Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Non-GAAP Basis - Budget and Actual
For The Year Ended September 30, 2011

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
REVENUES			
Charges for services	\$ 25,000	\$ 3,629	\$ (21,371)
Interest	250	-	(250)
Total revenues	<u>25,250</u>	<u>3,629</u>	<u>(21,621)</u>
 EXPENDITURES			
Capital outlay	<u>100,000</u>	<u>5,424</u>	<u>94,576</u>
Excess of revenues over (under) expenditures	<u>(74,750)</u>	<u>(1,795)</u>	<u>72,955</u>
 OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues and other financing sources over (under) expenditures and uses	(74,750)	(1,795)	72,955
Fund balances - beginning	<u>87,911</u>	<u>87,911</u>	<u>-</u>
Fund balances - ending	<u>\$ 13,161</u>	<u>\$ 86,116</u>	<u>\$ 72,955</u>

City of Idaho Falls, Idaho
Traffic Light Capital Improvement Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Non-GAAP Basis - Budget and Actual
For The Year Ended September 30, 2011

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
REVENUES			
Interest	\$ 1,000	\$ 1,401	\$ 401
Total revenues	<u>1,000</u>	<u>1,401</u>	<u>401</u>
 EXPENDITURES			
Capital Outlay	<u>525,000</u>	<u>97,010</u>	<u>427,990</u>
Excess of revenues over (under) expenditures	<u>(524,000)</u>	<u>(95,609)</u>	<u>428,391</u>
 OTHER FINANCING SOURCES (USES)			
Transfers in	301,224	301,224	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>301,224</u>	<u>301,224</u>	<u>-</u>
Excess of revenues and other financing sources over (under) expenditures and uses	<u>(222,776)</u>	<u>205,615</u>	<u>428,391</u>
Fund balances - beginning	<u>478,940</u>	<u>478,940</u>	<u>-</u>
Fund balances - ending	<u>\$ 256,164</u>	<u>\$ 684,555</u>	<u>\$ 428,391</u>

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STATISTICAL SECTION

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Statistical Section Divider

This part of the City of Idaho Falls, Idaho's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

	Page No.
Financial Trend Information	
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	83-88
Revenue Capacity Information	
These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	89-93
Debt Capacity Information	
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	94-98
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities takes place.	99-100
Operating Information	
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	101-103

Source: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement 34 in 2002: schedules presenting government-wide information include information beginning in that year.

City of Idaho Falls, Idaho

Net Assets by Component

Last Ten Fiscal Years

Accrual Basis of Accounting

	Fiscal Year									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Government activities										
Invested in capital assets, net of related debt	\$ 95,102,500	\$ 93,304,031	\$ 92,745,461	\$ 90,587,825	\$ 89,628,017	\$ 75,420,697	\$ 62,705,757	\$ 57,633,347	\$ 52,305,750	\$ 21,864,511
Restricted	1,021,942	1,213,034	1,143,785	988,654	1,518,064	3,402,646	6,736,942	6,056,616	3,130,340	1,364,635
Unrestricted	28,792,682	29,135,352	27,445,983	27,378,769	25,706,747	24,727,016	21,860,561	25,269,081	28,275,109	28,920,996
Total government activities net assets	124,917,124	123,652,417	121,335,229	118,955,248	116,852,828	103,550,359	91,303,260	88,959,044	83,711,199	52,150,142
Business-type activities										
Invested in capital assets, net of related debt	194,627,548	192,686,784	189,866,463	181,218,089	166,859,124	157,413,332	108,875,345	98,911,578	87,471,546	72,477,084
Restricted	1,086,345	1,553,210	1,878,003	2,016,097	2,313,968	2,219,983	7,811,452	5,280,458	4,518,779	4,047,019
Unrestricted	65,972,613	57,250,318	52,327,208	49,537,617	42,067,880	30,049,095	44,219,444	42,718,141	37,261,558	27,008,225
Total business-type activities net assets	261,686,506	251,490,312	244,071,674	232,771,803	211,240,972	189,682,410	160,906,241	146,910,177	129,251,883	103,532,328
Primary government										
Invested in capital assets, net of related debt	289,730,048	285,990,815	282,611,924	271,805,914	256,487,141	232,834,029	171,581,102	156,544,925	139,777,296	94,341,595
Restricted	2,108,287	2,766,244	3,021,788	3,004,751	3,832,032	5,622,629	14,548,394	11,337,074	7,649,119	5,411,654
Unrestricted	94,765,295	86,385,670	79,773,191	76,916,386	67,774,627	54,776,111	66,080,005	67,987,222	65,536,667	55,929,221
Total primary government net assets	\$386,603,630	\$375,142,729	\$365,406,903	\$351,727,051	\$328,093,800	\$293,232,769	\$252,209,501	\$235,869,221	\$212,963,082	\$155,682,470

City of Idaho Falls, Idaho

Changes in Net Assets

Last Ten Fiscal Years

Accrual Basis of Accounting

Fiscal Year

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Expenses										
Governmental activities:										
General government	\$ 7,241,664	\$ 6,745,582	\$ 7,315,174	\$ 7,397,540	\$ 6,352,659	\$ 6,045,214	\$ 7,020,227	\$ 5,687,846	\$ 5,246,689	\$ 4,607,475
Public safety	21,326,762	20,478,897	20,467,132	20,869,523	18,764,841	18,504,730	17,049,527	16,101,112	15,631,429	14,812,813
Streets	7,804,662	7,053,652	6,883,494	6,595,657	5,472,555	4,821,388	4,623,301	5,276,158	4,339,488	3,060,926
Culture and recreation	9,737,993	10,055,502	10,686,792	10,130,787	8,894,067	8,565,987	7,997,412	7,942,206	7,836,918	7,728,153
Public works	1,598,222	1,901,223	3,200,900	2,827,838	2,387,383	3,993,094	2,567,482	3,445,460	1,318,930	1,610,575
Total governmental activities expense	47,709,303	46,234,856	48,553,492	47,821,345	41,871,505	41,930,413	39,257,949	38,452,782	34,373,454	31,819,942
Business-type activities:										
Airport	4,886,476	4,196,279	3,965,696	3,921,248	3,358,665	3,327,638	3,000,115	3,044,875	2,980,682	2,340,066
Water and sewer	13,184,461	12,569,738	12,185,186	11,140,464	10,707,873	10,131,230	9,761,885	8,829,366	9,389,813	7,379,348
Sanitation	3,449,080	3,265,698	3,233,531	2,978,262	2,739,364	2,653,943	2,444,929	2,405,552	2,290,599	2,224,795
Ambulance	3,179,427	3,160,466	2,937,746	2,811,351	2,453,241	2,451,434	2,373,885	2,255,651	2,064,268	1,965,393
Electric	47,584,461	48,572,917	48,140,349	48,820,273	46,277,879	46,368,111	48,762,832	46,199,973	45,597,007	59,297,851
Total business-type activities expenses	72,283,905	71,765,098	70,462,508	69,671,598	65,537,022	64,932,356	66,343,646	62,735,417	62,322,369	73,207,453
Total primary government expenses	\$ 119,993,208	\$ 117,999,954	\$ 119,016,000	\$ 117,492,943	\$ 107,408,527	\$ 106,862,769	\$ 105,601,595	\$ 101,188,199	\$ 96,695,823	\$ 105,027,395
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 1,505,682	\$ 1,495,623	\$ 1,447,854	\$ 1,935,811	\$ 1,942,675	\$ 1,749,636	\$ 1,579,249	\$ 1,663,469	\$ 2,174,184	\$ 2,030,907
Public Safety	2,650,242	2,622,893	2,591,457	2,388,287	2,335,010	2,317,726	2,079,157	2,011,819	2,021,885	1,936,398
Culture and recreation	3,554,707	3,583,524	3,542,074	3,486,720	3,450,895	3,285,176	3,096,376	2,935,330	2,543,718	2,878,449
Other activities	39,404	68,068	527,650	978,933	2,553,284	993,388	852,820	758,329	787,945	639,912
Operating grants and contributions	924,186	625,402	869,368	521,471	1,046,978	1,173,294	2,425,562	2,128,657	2,101,732	2,196,548
Capital grants and contributions	1,417,726	882,387	2,588,058	3,311,708	8,417,579	9,092,823	2,191,632	5,868,434	256,318	1,112,094
Total governmental activities program revenues	10,091,947	9,277,897	11,566,461	12,622,930	19,746,421	18,612,043	12,224,796	15,366,038	9,885,782	10,794,308
Business-type activities:										
Charges for service:										
Water and Sewer	17,767,507	17,425,627	17,026,050	13,733,266	13,193,636	12,312,167	10,707,560	9,074,694	9,152,546	8,773,864
Electric	56,261,765	53,371,324	52,428,594	58,747,641	59,829,162	61,146,482	57,543,412	58,065,365	55,875,701	52,076,210
Other activities	7,307,467	7,402,500	7,635,143	7,481,727	7,299,938	5,921,743	5,508,043	5,385,174	4,834,271	4,702,381
Operating grants and contributions	1,898,908	1,660,981	1,835,937	1,503,087	1,518,842	1,551,558	1,447,533	1,182,247	1,290,522	952,698
Capital grants and contributions	2,634,332	1,567,924	5,439,660	11,408,555	6,043,486	14,238,986	7,195,422	8,001,076	1,642,458	2,099,109
Total business-type activities program revenue	85,869,979	81,428,356	84,365,384	92,874,276	87,885,064	95,170,936	82,401,970	81,708,556	72,795,498	68,604,262
Total primary government program revenues	\$ 95,961,926	\$ 90,706,253	\$ 95,931,845	\$ 105,497,206	\$ 107,631,485	\$ 113,782,979	\$ 94,626,766	\$ 97,074,594	\$ 82,681,280	\$ 79,398,570

Fiscal Year

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Net (expense) revenue										
Government activities	\$ (37,617,356)	\$ (36,956,959)	\$ (36,987,031)	\$ (35,198,415)	\$ (22,125,084)	\$ (23,318,370)	\$ (27,033,153)	\$ (23,086,744)	\$ (24,487,672)	\$ (21,025,634)
Business-type activities	13,586,074	9,663,258	13,902,876	23,202,678	22,348,042	30,238,580	16,088,324	18,973,139	10,473,129	(4,603,191)
Total primary government net expenses	<u>\$ (24,031,282)</u>	<u>\$ (27,293,701)</u>	<u>\$ (23,084,155)</u>	<u>\$ (11,995,737)</u>	<u>\$ 222,958</u>	<u>\$ 6,920,210</u>	<u>\$ (10,974,829)</u>	<u>\$ (4,113,605)</u>	<u>\$ (14,014,543)</u>	<u>\$ (25,628,825)</u>

General Revenues and Other Changes in Net Assets

Governmental activities:

Taxes

Property taxes	\$ 27,033,901	\$ 26,890,757	\$ 26,487,935	\$ 23,914,223	\$ 21,694,620	\$ 20,550,997	\$ 19,133,611	\$ 18,737,942	\$ 18,232,773	\$ 17,086,397
Sales taxes	5,582,668	5,412,698	5,429,055	6,028,163	6,312,994	6,152,996	3,947,652	3,580,742	3,416,541	3,381,442
Franchise taxes	776,813	898,165	893,822	829,622	857,610	730,926	666,616	538,161	628,309	557,939
Alcoholic beverages taxes	608,889	613,462	728,432	665,556	647,954	562,977	523,045	489,583	416,652	366,337
Unrestricted investment earnings	104,189	145,159	282,375	819,317	1,242,137	1,062,467	682,832	371,203	480,250	697,865
Miscellaneous revenues	933,335	2,139,340	1,850,123	921,902	822,360	2,716,785	753,985	748,483	454,937	184,521
Transfers	3,842,268	2,897,593	3,695,270	3,910,680	3,632,318	3,544,165	3,388,525	3,211,438	2,772,243	2,583,262
Total governmental activities	<u>38,882,063</u>	<u>38,997,174</u>	<u>39,367,012</u>	<u>37,089,463</u>	<u>35,209,993</u>	<u>35,321,313</u>	<u>29,096,266</u>	<u>27,677,552</u>	<u>26,401,705</u>	<u>24,857,763</u>

Business-type activities:

Sales taxes

Unrestricted investment income	-	-	13,532	14,565	14,773	14,065	13,073	13,138	11,992	-
Gain on sale of assets	452,388	652,973	1,078,733	2,224,268	2,828,065	2,067,689	970,618	480,876	354,446	942,557
Miscellaneous revenues	-	-	-	-	-	-	24,682	1,050,887	-	-
Transfers	-	-	-	-	-	-	317,892	351,692	608,518	-
Total business-type activities	<u>(3,842,268)</u>	<u>(2,897,593)</u>	<u>(3,695,270)</u>	<u>(3,910,680)</u>	<u>(3,632,318)</u>	<u>(3,544,165)</u>	<u>(3,388,525)</u>	<u>(3,211,438)</u>	<u>(2,772,243)</u>	<u>(2,583,262)</u>
Total primary government	<u>(3,389,880)</u>	<u>(2,244,620)</u>	<u>(2,603,005)</u>	<u>(1,671,847)</u>	<u>(789,480)</u>	<u>(1,462,411)</u>	<u>(2,082,260)</u>	<u>(1,314,845)</u>	<u>(1,797,287)</u>	<u>(1,640,705)</u>
	<u>\$ 35,492,183</u>	<u>\$ 36,752,554</u>	<u>\$ 36,764,007</u>	<u>\$ 35,417,616</u>	<u>\$ 34,420,513</u>	<u>\$ 33,858,902</u>	<u>\$ 27,034,006</u>	<u>\$ 26,362,707</u>	<u>\$ 24,604,418</u>	<u>\$ 23,217,058</u>

Change in Net Assets

Governmental activities

Business-type activities	\$ 1,264,707	\$ 2,040,215	\$ 2,379,981	\$ 1,891,048	\$ 13,084,909	\$ 12,002,943	\$ 2,063,113	\$ 4,590,808	\$ 1,914,033	\$ 3,832,129
Total primary government	<u>10,196,194</u>	<u>7,418,638</u>	<u>11,299,871</u>	<u>21,530,831</u>	<u>21,558,562</u>	<u>28,776,169</u>	<u>13,996,064</u>	<u>17,658,294</u>	<u>8,675,842</u>	<u>(6,243,896)</u>
	<u>\$ 11,460,901</u>	<u>\$ 9,458,853</u>	<u>\$ 13,679,852</u>	<u>\$ 23,421,879</u>	<u>\$ 34,643,471</u>	<u>\$ 40,779,112</u>	<u>\$ 16,059,177</u>	<u>\$ 22,249,102</u>	<u>\$ 10,589,875</u>	<u>\$ (2,411,767)</u>

City of Idaho Falls, Idaho

Fund Balances of Governmental Funds

Last Ten Fiscal Years

Modified Accrual Basis of Accounting

Fiscal Year

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
General Fund										
Nonspendable	\$ 725,023	\$ 937,164	\$ 873,481	\$ 662,874	\$ 624,975	\$ 890,248	\$ 540,462	\$ 518,830	\$ 484,888	\$ 774,887
Committed	3,943,533	4,902,446	3,701,297	3,052,724	3,125,475	2,799,101	4,724,870	6,256,816	5,449,937	3,516,566
Assigned	2,941,927	3,087,665	3,254,828	3,138,160	3,882,634	9,901,527	5,517,604	3,451,009	3,345,173	2,000,000
Unassigned	14,852,980	13,872,194	11,518,635	10,397,524	9,572,722	6,922,979	9,587,853	9,052,597	8,684,596	9,830,080
Total general fund	\$ 22,463,463	\$ 22,799,469	\$ 19,348,241	\$ 17,251,282	\$ 17,205,806	\$ 20,513,855	\$ 20,370,789	\$ 19,279,252	\$ 17,964,594	\$ 16,121,533
Other Governmental Funds										
Restricted	\$ 1,021,942	\$ 1,213,034	\$ 1,143,785	\$ 988,654	\$ 893,089	\$ 902,877	\$ 985,621	\$ 1,713,210	\$ 1,395,249	\$ 1,747,870
Committed	3,162,766	3,395,364	2,433,690	2,777,790	1,902,016	1,652,866	1,710,848	1,676,858	1,523,325	1,444,523
Assigned	7,452,238	7,110,385	9,687,897	11,610,545	10,884,320	8,799,606	9,024,791	11,874,938	13,603,006	13,340,559
Total all other funds	\$ 11,636,946	\$ 11,718,783	\$ 13,265,372	\$ 15,376,989	\$ 13,679,425	\$ 11,355,349	\$ 11,721,260	\$ 15,265,006	\$ 16,521,580	\$ 16,532,952

City of Idaho Falls, Idaho
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years

Modified Accrual Basis of Accounting

	Fiscal Year									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Revenues										
Taxes	\$ 27,689,090	\$ 27,608,568	\$ 27,055,160	\$ 24,814,514	\$ 22,389,145	\$ 21,281,924	\$ 19,800,227	\$ 19,276,130	\$ 18,862,435	\$ 17,654,668
Licenses and permits	508,313	487,589	469,239	806,908	844,455	693,211	687,528	761,834	622,316	584,423
Intergovernmental	10,133,824	9,245,009	9,476,653	9,260,828	9,923,966	9,822,574	8,716,581	8,050,760	7,447,200	7,807,590
Charges for services	3,624,847	3,782,298	4,147,007	4,764,733	6,369,716	4,590,109	4,122,096	3,903,334	3,881,242	3,654,039
Fines	601,554	663,779	654,329	605,379	656,125	638,446	543,370	571,351	587,759	545,031
Interest	104,190	145,159	282,375	819,316	1,242,137	1,062,467	683,127	371,203	480,250	697,865
Miscellaneous	1,569,510	3,173,123	2,771,218	1,617,075	4,161,192	3,655,551	1,430,627	1,539,593	1,634,045	1,351,421
Total revenues	44,231,328	45,105,525	44,855,981	42,688,753	45,586,736	41,744,282	35,983,556	34,474,205	33,515,247	32,295,037
Expenditures										
General government	7,983,427	7,057,291	7,793,577	6,985,481	6,508,728	6,048,169	6,833,352	5,623,662	5,364,838	5,239,783
Public safety	21,201,113	20,480,244	20,125,700	19,941,808	18,437,544	18,330,346	16,548,647	15,752,993	15,113,070	14,339,764
Streets	3,996,278	3,477,488	3,208,216	2,912,534	2,404,574	2,215,289	2,666,953	3,227,363	2,968,327	2,708,774
Culture and recreation	11,820,771	11,506,429	10,529,685	9,988,537	14,059,309	8,382,678	7,844,033	8,101,224	7,896,034	7,376,200
Public works	1,772,224	1,532,164	2,201,627	2,131,286	1,480,771	1,556,942	1,296,431	1,037,692	1,229,408	1,026,833
Capital outlay	1,717,623	2,044,863	4,707,104	2,896,747	7,312,101	8,977,868	6,634,874	4,127,133	1,884,124	1,989,231
Debt service:										
Principal										
Interest										
Total expenditures	48,491,436	46,098,479	48,565,909	44,856,393	50,203,027	45,511,292	41,824,290	37,870,067	34,455,801	32,680,585
Excess of revenues over (under) expenditures	(4,260,108)	(992,954)	(3,709,928)	(2,167,640)	(4,616,291)	(3,767,010)	(5,840,734)	(3,395,862)	(940,554)	(385,548)
Other Financing Sources (Uses)										
Capital contributions	5,421,773	4,306,852	8,737,334	6,148,529	9,148,696	7,288,377	6,277,178	4,882,473	4,372,103	5,112,930
Transfer in	(1,579,508)	(1,409,259)	(5,042,064)	(2,237,849)	(5,516,378)	(3,744,212)	(2,888,653)	(1,671,035)	(1,599,860)	(2,529,668)
Transfers out										
Total other financing sources (uses)	3,842,265	2,897,593	3,695,270	3,910,680	3,632,318	3,544,165	3,388,525	3,453,946	2,772,243	2,583,262
Net change in fund balances	\$ (417,843)	\$ 1,904,639	\$ (14,658)	\$ 1,743,040	\$ (983,973)	\$ (222,845)	\$ (2,452,209)	\$ 58,084	\$ 1,831,689	\$ 2,197,714

City of Idaho Falls, Idaho

Tax Revenues by Source, Governmental Funds

Last Ten Fiscal Years

Modified Accrual Basis of Accounting

Fiscal Year	Property Tax	Property Tax Penalties	Franchise Taxes	Other Taxes	Total Taxes
2011	\$ 26,689,984	\$ 222,293	\$ 772,887	\$ 3,926	\$ 27,689,090
2010	26,513,692	196,711	893,075	5,090	27,608,568
2009	25,972,690	188,648	888,502	5,320	27,055,160
2008	23,769,582	215,310	822,684	6,938	24,814,514
2007	21,385,896	145,639	850,468	7,142	22,389,145
2006	20,394,495	151,492	729,329	6,608	21,281,924
2005	18,995,459	138,152	660,438	6,178	19,800,227
2004	18,583,619	151,474	532,583	8,454	19,276,130
2003	18,073,622	159,151	622,027	7,635	18,862,435
2002	16,947,486	138,911	552,457	15,814	17,654,668
2002-2011 Change	\$ 9,742,498	\$ 83,382	\$ 220,430	\$ (11,888)	\$ 10,034,422

City of Idaho Falls, Idaho

Assessed Value and Actual Value of Taxable Property

Last Ten Fiscal Years

Fiscal Year Ended 30-Sep	Real Property		Total Taxable Assessed Value	Total Direct Tax Levy	Property Taxes Certified to County
	Total Assessed Value	Less Property Tax Exemptions			
2011	\$ 3,954,896,311	\$ 940,007,554	\$ 3,014,888,757	0.008878681	\$ 26,768,236
2010	4,024,693,712	951,335,349	3,073,358,363	0.008709767	26,768,236
2009	3,936,744,617	939,683,983	2,997,060,634	0.008718428	26,129,658
2008	3,594,918,894	859,998,849	2,734,920,045	0.008582005	23,471,098
2007	3,172,168,665	744,597,426	2,427,571,239	0.008827421	21,429,192
2006	2,960,999,081	610,229,122	2,350,769,959	0.008582015	20,174,344
2005	2,672,856,319	570,067,357	2,102,788,962	0.008982015	18,887,282
2004	2,506,379,675	531,606,452	1,974,773,223	0.009366159	18,496,040
2003	2,404,156,640	517,311,933	1,886,844,707	0.009516983	17,957,069
2002	2,239,722,363	494,711,352	1,745,011,011	0.009639679	16,821,346

Source: Bonneville County Assessor's Office and the City of Idaho Falls, Idaho.

Note: Property in the City is reassessed each year. Property is assessed at actual value; therefore, the assessed values are also actual values. Tax levies are per \$1 of assessed value. Currently, Bonneville County is only able to determine Total Assessed Value and can not distinguish between residential, commercial, and industrial properties. Approximately 89 percent of the property tax exemptions come from the residential home owner's exemption. The exemption is equal to 50 percent of the assessed value of residential property, to a maximum of \$104,471. Approximately 19 percent of the property tax exemptions apply to the Idaho Falls, Idaho Redevelopment Agency which is within the City limits.

City of Idaho Falls, Idaho
Direct and Overlapping Property Tax Levies
Last Ten Fiscal Years

City of Idaho Falls, Idaho Direct Levy							
Fiscal Year	General Fund	Fireman's Retirement	Tort	Recreation Fund	Library Fund	Municipal Capital Improvement Fund	Total Direct
2011	0.007328925	0.000388074	0.000193542	0.000160760	0.000576400	0.000230980	0.008878681
2010	0.007061815	0.000359541	0.000171191	0.000158500	0.000568298	0.000390422	0.008709767
2009	0.007070105	0.000348341	0.000200864	0.000154802	0.000555058	0.000389258	0.008718428
2008	0.007125001	0.000308341	0.000212072	0.000155517	0.000557620	0.000223454	0.008582005
2007	0.007231922	0.000347379	0.000275996	0.000161417	0.000578775	0.000231932	0.008827421
2006	0.006999577	0.000358728	0.000285013	0.000155867	0.000558873	0.000223957	0.008582015
2005	0.007327797	0.000356669	0.000317223	0.000162779	0.000583658	0.000233889	0.008982015
2004	0.007681781	0.000374756	0.000282586	0.000170535	0.000611468	0.000245033	0.009366159
2003	0.007912298	0.000376320	0.000171199	0.000175538	0.000629407	0.000252221	0.009516983
2002	0.008033348	0.000392582	0.000143278	0.000177747	0.000637328	0.000255396	0.009639679

Source: Bonneville County Assessor's Office.

Note: Bonneville County sets the City's levy. The Mayor and City Council determine the dollar amount to be levied as determined by State law. Overlapping levies are those taxing districts that apply to property within the City. Not all overlapping levies apply to all the City's property owners. For example, although the County property tax levy applies to all City property owners, School District 93's levy, applies to approximately 14 percent of the City's property owners.

City of Idaho Falls, Idaho Overlapping Levies

School District 91	School District 93	Bonneville County	Ambulance District	Flood Control District	New Sweden Cemetery District	Ammon Cemetery District
0.003226703	0.005447999	0.004035117	0.000276415	0.000006515	0.000032506	0.000055662
0.003617960	0.005448000	0.004035117	0.000276415	0.000006109	0.000030482	0.000051550
0.004101884	0.005447938	0.004035117	0.000292873	0.000005940	0.000031360	0.000047506
0.004102010	0.005448000	0.004076056	0.000315747	0.000006107	0.000033031	0.000049285
0.004521858	0.005447634	0.004246505	0.000324330	0.000006252	0.000033121	0.000052042
0.007634142	0.007595133	0.004267845	0.000324285	0.000005947	0.000030151	0.000055896
0.008268900	0.007573027	0.004346074	0.000332077	0.000006138	0.000031008	0.000056246
0.008270018	0.007633046	0.004346074	0.000327255	0.000006468	0.000088612	0.000055171
0.008031303	0.007633000	0.004346074	0.000327255	0.000006416	0.000092812	0.000055579
0.008293489	0.007633082	0.004346074	0.000283949	0.000006417	0.000031479	0.000058320

City of Idaho Falls, Idaho

Principal Property Tax Payers

September 30, 2011

Taxpayers	2011			2002		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Bush Ag. Resources Inc.	\$ 87,205,474	1	2.9%	\$ 39,389,262	2	2.3%
Eastern Idaho Health Serv. Inc.	75,103,834	2	2.5	79,513,833	1	4.6
InteGrow Malt LLC	65,264,454	3	2.2	-	-	-
Grand Teton Mall	53,231,201	4	1.8	33,769,965	3	1.9
Mountain View Hospital	35,248,880	5	1.2	-	-	-
Melaleuca Inc.	26,038,917	6	0.9	12,526,118	6	0.7
Qwest Corporation	17,937,893	7	0.6	32,923,991	4	1.9
Bonaventure Senior Living Community	16,671,890	8	0.5	-	-	-
Wal-Mart	13,673,812	9	0.4	-	-	-
INL Office Building (Batelle)	12,761,311	10	0.4	13,707,454	5	0.8
Fairwinds Sandcreek Retirement Center				12,312,637	7	0.7
Engineering Research Office				11,817,985	8	0.7
Shilo Inn				8,866,423	9	0.5
Teton Apartments				7,364,800	10	0.4
	<u>\$ 403,137,666</u>		<u>13.4%</u>	<u>\$ 252,192,468</u>		<u>14.5%</u>

Source: Bonneville County Auditor's Office

City of Idaho Falls, Idaho
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year Ended September 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2011	\$ 26,768,236	\$ 25,793,487	96.4%	\$ 911,901	\$ 26,705,388	99.8%
2010	26,768,236	25,672,969	95.9	752,030	26,424,999	98.7
2009	26,129,658	25,224,859	96.5	694,453	25,919,312	99.2
2008	23,471,098	22,716,967	96.8	667,662	23,384,629	99.6
2007	21,429,192	20,733,375	96.8	542,625	21,276,000	99.3
2006	20,174,344	19,583,242	97.1	572,129	20,155,371	99.9
2005	18,887,282	18,346,822	97.1	790,065	19,136,887	101.3
2004	18,496,040	17,698,397	95.7	564,606	18,263,003	98.7
2003	17,957,069	17,760,875	98.9	574,873	18,335,748	102.1
2002	16,821,346	16,249,361	96.6	468,352	16,717,713	99.4

City of Idaho Falls, Idaho
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Business-Type Activities			Total Primary Government	Percentage of Personal Income (1)	Per Capita
	Airport Bonds	Airport Certificates of Participation	Electric General Obligation Bonds			
2011		\$ 1,000,000	\$ 5,029,084	6,029,084	0.33%	106
2010		1,915,000	6,984,056	8,899,056	0.48	157
2009		2,750,000	9,084,389	11,834,389	0.70	214
2008		3,510,000	11,408,196	14,918,196	0.90	274
2007		4,205,000	13,903,061	18,108,061	1.13	334
2006	\$ 230,000	4,205,000	16,605,230	21,040,230	1.43	396
2005	450,000	4,955,000	19,501,260	24,906,260	1.82	474
2004	655,000	5,260,000	22,627,492	28,542,492	2.13	547
2003	850,000	5,525,000	25,978,489	32,353,489	2.46	626
2002	1,035,000	5,750,000	29,592,879	36,377,879	2.83	710

Note: Details regarding the City's outstanding debt can be found in the notes to financials statements.
(1) See Exhibit E-1 for personal income and population data.

City of Idaho Falls Idaho
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

General Bonded Debt Outstanding					
Fiscal Year	Business-Type Electric General Obligation Bonds	Total	Actual Taxable Value of Property	Percentage of Actual Taxable Value of Property	Per Capita
2011	\$ 5,029,084	\$ 5,029,084	\$ 3,014,888,757	0.17%	89
2010	6,984,056	6,984,056	3,073,358,363	0.23	123
2009	9,084,389	9,084,389	2,997,060,634	0.30	164
2008	11,408,196	11,408,196	2,734,920,045	0.42	209
2007	13,903,061	13,903,061	2,427,571,239	0.57	256
2006	16,605,230	16,605,230	2,350,769,959	0.71	313
2005	19,501,260	19,501,260	2,102,788,962	0.93	371
2004	22,627,492	22,627,492	1,974,773,223	1.15	434
2003	25,978,489	25,978,489	1,886,844,707	1.38	502
2002	29,592,879	29,592,879	1,745,011,011	1.70	578

City of Idaho Falls, Idaho

Direct and Overlapping Governmental Activities Debt

As of September 30, 2011

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid from property taxes:			
Overlapping:			
Bonneville County	\$ 2,505,000	64%	\$ 1,603,200
Idaho Falls Redevelopment Agency	12,251,377 (b)	0%	
School District No. 91	-	86%	-
School District No. 93	61,045,000	14%	8,546,300
Total overlapping	<u>75,801,377</u>		<u>10,149,500</u>
Direct:			
City of Idaho Falls	- (a)		-
Total direct and overlapping debt	<u><u>\$ 75,801,377</u></u>		<u><u>\$ 10,149,500</u></u>

Source: Assessed value data used to estimate applicable percentages provided by Bonneville County.
Debt outstanding data provided by each governmental unit.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Idaho Falls. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

(a) Excludes general obligation bonds reported in enterprise funds and backed by a revenue guarantee.

(b) The bonds and notes to the Idaho Falls Redevelopment Agency, which is entirely within the City, are payable solely from incremental tax revenues from ad valorem taxes levied by all overlapping taxing authorities, which result from increases in assessed valuation of property within the revenue allocation area; no ad valorem levy to pay such bonds and notes is permitted.

City of Idaho Falls, Idaho

Legal Debt Margin Information

Last Ten Fiscal Years

	Fiscal Year									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Debt limit	\$79,097,926	\$80,493,874	\$78,734,892	\$71,898,378	\$63,443,373	\$59,219,982	\$54,253,617	\$50,398,132	\$48,385,112	\$ 45,216,813
Total debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	<u>\$79,097,926</u>	<u>\$80,493,874</u>	<u>\$78,734,892</u>	<u>\$71,898,378</u>	<u>\$63,443,373</u>	<u>\$59,219,982</u>	<u>\$54,253,617</u>	<u>\$50,398,132</u>	<u>\$48,385,112</u>	<u>\$ 45,216,813</u>
Total net debt applicable to the limit as a percentage of debt limit	-	-	-	-	-	-	-	-	-	-

Legal Debt Margin Calculation for Fiscal Year 2011	
Assessed value	<u>\$3,954,896,311</u>
Debt limit (2% of market value)	\$ 79,097,926
Debt applicable to limit:	
General obligation bonds	-
Legal debt margin	<u>\$ 79,097,926</u>

Note: General obligation bonds may be issued by the City for a variety of purposes in an amount which does not at any time exceed in aggregate 2% of the market value for assessment purposes of the real and personal property in the City, according to the preceding year's assessment. However, general obligation bonds issued to acquire, construct, or improve facilities for water, light and power, storm sewers and sanitary sewer systems are exempt from and do not count against the general obligation debt limit. In addition, bonds secured only by a pledge of revenue-producing facility, are not subject to and do not count against the debt limit.

City of Idaho Falls, Idaho

Pledged-Revenue Coverage

Last Ten Fiscal Years

Fiscal Year	Airport Revenue Bonds and Certificates of Participation						Electric General Obligation Revenue Bonds					
	Revenue(1)	Operating Expense(2)	Net Available Revenue	Debt Service (3) Principal	Debt Service (3) Interest	Coverage(4)	Revenue(1)	Operating Expense(2)	Net Available Revenue	Debt Service (3) Principal	Debt Service (3) Interest	Coverage(4)
2011	\$2,602,203	\$2,155,159	\$ 447,044	\$915,000	\$ 45,500	0.47	(7) \$57,582,403	\$ 40,211,154	\$ 17,371,249	\$1,954,972	\$ 5,725,028	2.26
2010	2,808,024	1,776,245	1,031,779	835,000	87,133	1.12	(6) 53,859,856	40,872,272	12,987,584	2,100,333	5,594,667	1.69
2009	2,875,682	1,677,500	1,198,182	760,000	125,125	1.35	53,218,316	40,248,045	12,970,271	2,323,808	5,616,192	1.63
2008	3,354,790	1,679,366	1,675,424	695,000	159,705	1.96	60,377,193	41,001,766	19,375,427	2,494,865	5,455,135	2.44
2007	3,519,538	1,372,967	2,146,571	230,000	191,328	5.09	61,943,138	38,371,027	23,572,111	2,702,169	4,996,454	3.06
2006	3,133,545	1,386,968	1,746,577	970,000	317,785	1.36	62,714,219	38,410,805	24,303,414	2,896,030	4,802,594	3.16
2005	2,622,993	1,207,267	1,415,726	510,000	346,345	1.65	58,766,450	40,578,989	18,187,461	3,126,232	4,848,768	2.28
2004	2,406,581	1,252,039	1,154,542	460,000	374,000	1.38	58,766,450	37,898,405	20,868,045	3,350,977	4,629,003	2.62
2003	2,202,376	1,159,630	1,042,746	410,000	386,379	1.31	56,766,471	37,107,036	19,659,435	3,614,390	4,375,610	2.46
2002	2,149,807	1,031,044	1,118,763	420,000	403,055	1.36	52,672,441	50,699,130	1,973,311	3,031,842	4,963,158	0.25

(5)

(1) Revenues include operating revenues, interest income, sales taxes, PFC funds, certain federal grants, and non-operating income.

(2) Operating expenses do not include depreciation and payments in lieu of taxes but includes other charges.

(3) Includes principal and interest on revenue bonds, certificates of participation, and general obligation bonds which are paid from operating revenues and subject to debt coverage requirements.

(4) The Airport bond ordinance requires 1.25 coverage while the Electric bond ordinance requires 1.15 coverage.

(5) The Electric Fund did not meet its rate coverage of 1.15 for the year ended September 30, 2002. The City Council raised electrical rates in October, 2002 as required by the bond ordinance to meet rate coverage.

(6) The Airport Fund did not meet its rate coverage of 1.25 for the year ended September 30, 2010.

(7) On February 15, 2011 all funds needed to payoff the Airport Fund certificates of participation was deposited in escrow account with the trustee as per agreement with the certificate holder and trustee. Rate coverage was below the required 1.25 as of September 30, 2011. Final payment from the escrow account to the certificate holder in the amount of \$1,022,750 was made on October 1, 2011.

City of Idaho Falls, Idaho

Demographic and Economic Statistics

Last Ten Fiscal Years

Year	Population	Personal Income	Per Capita Personal Income	Median Age	Education Attainment			School Enrollment	Unemployment Rate
					High School Graduates or Higher	25 Years and Older	4 or More Years of College		
2011	56,813 (1)	\$ 1,853,921,816 (1)	\$ 32,632 (1)	-	-	-	-	10,514	7.0%
2010	56,813	1,836,082,534	32,318	32	89.3	27.5		10,500	7.3
2009	55,312 (1)	1,680,715,500 (1)	30,698 (1)	-	-	-		10,480	6.5
2008	54,334 (1)	1,656,582,000 (1)	30,396 (1)	-	-	-		10,400	3.6
2007	54,272 (1)	1,609,219,072 (1)	29,651 (1)	-	-	-		10,279	2.4
2006	53,000 (1)	1,473,400,000 (1)	27,800 (1)	-	-	-		10,400	2.6
2005	52,500 (1)	1,365,000,000 (1)	26,000 (1)	-	-	-		10,400	2.7
2004	52,148 (1)	1,340,203,600 (1)	25,700 (1)	-	-	-		10,385	3.1
2003	51,703 (1)	1,315,686,241 (1)	25,447 (1)	-	-	-		10,520	2.9
2002	51,216 (1)	1,283,370,528 (1)	25,058 (1)	-	-	-		10,648	3.5

(1) Numbers are estimated.

Sources: Population, provided by Idaho Commerce and Labor, Personal Income is calculated by multiplying population by per capital personal income. Per Capita Personal Income provided by U.S. Department of Commerce and Labor and Bureau of Economic Analysis. U.S. Department of Labor for unemployment rate. U.S. Census Bureau for Median Age and Educational information. Educational information is only available every ten years.

City of Idaho Falls, Idaho

Principal Employers

Current Year and Ten Years Ago

Employer	2011 (a)			2002		
	Number of Employees	Rank	Percentage of Total City Employment	Number of Employees	Rank	Percentage of Total City Employment
Bechtel BWXT Idaho	3,800	1	11.93%	2,500	1	8.40%
Idaho Falls School District 91	1,700	2	5.34	1,700	2	5.71
CH2M Hill WG, LLC	1,700	3	5.34	-	-	-
Eastern Idaho Regional Medical Center	1,300	4	4.08	1,311	3	4.40
Melaleuca, Inc.	1,300	5	4.08	1,300	4	4.37
Bonneville Joint School District 93	850	6	2.67	850	5	2.86
City of Idaho Falls	750	7	2.35	750	6	2.52
Center Partners	600	8	1.88	600	7	2.02
Wal-Mart	450	9	1.41	450	9	1.51
Bonneville County	450	10	1.41	450	8	1.51
Albertsons, Inc.	-	-	-	350	10	1.18
Total	12,900		40.49%	10,261		34.48%

Source: Idaho Commerce and Labor

(a) These numbers are averages. They include part time and full time employees.

City of Idaho Falls, Idaho

Exhibit F-1

Full-time Equivalent City of Idaho Falls Government Employees by Function/Program

Last Ten Fiscal Years

Function/Program	Actual Full-time Employees as of September 30									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
General government:										
Mayor and council	9	9	8	8	7	8	8	8	8	7
Municipal services	71	70	68	68	67	67	69	69	69	67
Human resources	3	2	2	2	2	2	2	2	2	2
Planning and building	18	19	17	17	17	16	14	14	15	16
Public safety:										
Police	131	131	127	127	122	122	121	118	116	119
Fire	102	103	103	103	100	97	94	94	95	90
Streets	20	21	21	21	21	20	20	20	21	20
Culture and recreation:										
Parks and recreation	67	64	63	63	62	59	60	60	58	60
Library	20	21	21	21	21	20	25	25	23	26
Public works	20	20	20	20	19	20	20	20	19	19
Airport	12	11	14	14	13	13	13	13	13	13
Water and sewer	52	54	54	54	50	49	49	49	49	49
Sanitation	28	29	30	30	27	27	26	26	26	26
Electric	65	64	64	64	62	59	60	59	61	62
Total	618	618	612	612	590	579	581	577	575	576

Source: "Monthly Employment Report" compiled by the City of Idaho Falls Human Resources Division.

City of Idaho Falls, Idaho

Operating Indicators by Function/Program

Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Planning and building										
Building permits issued	519	484	408	595	849	837	834	874	810	840
Value of building permits	\$ 34,257,071	\$ 38,008,986	\$ 23,403,760	\$ 54,005,000	\$ 71,772,712	\$ 62,226,668	\$ 63,329,405	\$ 72,804,706	\$ 49,865,046	\$ 47,922,805
Inspections	4,664	4,978	5,476	8,947	9,414	9,213	9,160	8,969	7,645	7,165
Police										
Physical arrest	3,363	3,165	3,599	3,950	4,317	4,931	4,070	4,158	4,197	3,545
Parking violations	3,193	3,757	4,130	3,192	3,723	4,869	4,869	10,776	8,023	10,201
Traffic violations	14,238	13,894	14,835	11,502	19,028	18,384	17,902	16,564	20,440	20,293
Fire										
Total dispatches	3,467	4,134	4,211	3,945	3,884	3,852	3,759	3,765	3,830	3,504
Emergency responses	3,229	3,177	3,365	3,850	1,912	1,871	1,873	916	874	731
Fires extinguished	238	270	275	445	324	394	453	217	278	209
Inspections	1,086	894	1,825	1,805	1,723	907	2,551	3,162		
Parks and recreation										
18 hole golf rounds played	119,848	115,715	130,882	127,063	144,647	133,410	133,312	134,762	141,528	119,720
Zoo Admissions	121,404	120,169	129,710	119,267	108,435	107,947	106,612	89,459	81,085	84,742
Aquatic center usage	112,623	117,337	121,422	117,112	118,286	111,378	105,068	98,917	105,665	114,900
Total program participants	23,429	30,739	39,377	36,812	40,522	51,234	36,461	36,055	37,166	37,976
Library										
Total items held for circulation	332,224	334,539	285,812	274,232	272,651	258,552	246,658	229,583	228,104	223,769
Annual circulation	1,187,745	1,126,172	1,097,030	944,340	811,053	778,235	700,305	668,520	633,676	648,617
Airport										
Enplanements	144,851	143,550	138,514	151,200	152,407	148,756	139,918	117,354	116,142	114,143
Average flights per day	12	11	10	13	14	13	17	16	16	16
Water and sewer										
Average daily consumption in gallons	23,123,288	22,425,000	23,178,000	24,526,000	25,784,000	24,100,000	21,170,000	21,820,000	22,500,000	21,600,000
Monthly residential water rate	\$ 21.00	\$ 21.00	\$ 21.00	\$ 21.00	\$ 15.00	\$ 13.00	\$ 13.00	\$ 11.00	\$ 11.00	\$ 11.00
Average daily sewage treatment in gallons	10,718,244	10,777,019	11,142,663	11,701,000	11,787,000	11,831,000	11,049,000	10,604,000	9,859,000	9,948,000
Monthly residential sewer rates	\$ 21.03	\$ 18.95	\$ 18.95	\$ 18.95	\$ 16.50	\$ 16.50	\$ 16.50	\$ 12.50	\$ 12.50	\$ 12.50
Sanitation										
Total cubic yards of Refuse collected	269,907	308,296	321,883	301,174	310,996	327,845	266,663	213,000	286,685	254,811
Monthly residential rate	\$ 9.00	\$ 9.00	\$ 9.00	\$ 9.00	\$ 7.50	\$ 5.50	\$ 5.50	\$ 5.50	\$ 5.50	\$ 5.50
Electric										
Average daily usage in kwh	1,906,637	1,904,978	1,912,749	1,943,896	1,898,308	1,865,943	1,783,821	1,697,980	1,679,091	1,709,213
Residential rate per kwh	\$ 0.057	\$ 0.054	\$ 0.054	\$ 0.054	\$ 0.055	\$ 0.058	\$ 0.060	\$ 0.064	\$ 0.064	\$ 0.055
Average Mwh generated per hour (1)	30.3	28.2	26.3	26.4	29.7	30.2	25.3	24.1	24.6	23.5

Source: Various City Departments

(1) The City has the capacity to generate up to 50 mwh if water flow is adequate.

City of Idaho Falls, Idaho
Capital Asset Statistics by Function/Program

Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Satellite offices	1	1	1	1	1	1	1	1	1	1
Cars	109	110	111	108	107	102	100	101	99	91
Fire										
Stations	5	5	5	5	5	5	5	5	5	5
Fire Trucks	17	17	16	16	16	16	15	15	15	15
Street (Miles)	284	280	284	284	270	261	258	256	251	245
Parks and recreation										
Parks	52	52	52	52	52	52	52	52	51	51
Acreage	1,844	1,844	1,842	1,826	1,801	1,749	1,749	1,749	1,749	1,749
Baseball/softball diamonds	26	26	26	26	26	26	26	26	26	26
Soccer/football fields	29	29	29	25	21	16	16	16	16	16
Golf courses	3	3	3	3	3	3	3	3	3	3
Swimming pools	1	1	1	1	1	1	1	1	1	1
Library buildings	1	1	1	1	1	1	1	1	1	1
Water										
Water mains (miles)	311	309	308	306	302	301	299	298	258	254
Fire hydrants	2,052	2,048	2,031	2,023	1,984	1,890	1,878	1,835	1,803	1,725
Wells	19	19	19	19	19	18	18	18	17	17
Sewer										
Sanitary sewer (miles)	266	276	273	266	257	246	243	241	236	233
Treatment capacity (gallons)	17,000,000	17,000,000	17,000,000	17,000,000	17,000,000	17,000,000	17,000,000	17,000,000	17,000,000	17,000,000
Sanitation Trucks	19	19	19	17	17	17	17	17	17	17
Electric										
Transmission lines (miles)	37	37	37	37	38	38	38	38	38	38
Distribution lines (miles)	410	414	414	408	401	360	352	337	330	325
Hydro generating plants	4	4	4	4	4	4	4	4	4	4
Street lights	4,527	4,523	4,383	4,027	3,782	4,220	4,190	4,050	4,023	3,881
Traffic signals	51	51	53	48	46	47	46	43	43	43

Source: Various City Departments

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SINGLE AUDIT SECTION

CITY OF IDAHO FALLS, IDAHO
Schedule of Expenditures of Federal Awards
Year Ended September 30, 2011

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Grantor's Number</u>	<u>Expenditures</u>	<u>Cash Basis Revenues</u>
U.S. Department of Housing and Urban Development				
Direct Programs:				
Community Development Block Grant	14.218	-	<u>\$ 1,041,161</u>	<u>\$ 1,041,161</u>
U.S. Department of Interior				
Pass-through Idaho Historical Society				
Historical Preservation Fund Grant	15.904	16-11-31919	<u>\$ 4,942</u>	<u>\$ 4,942</u>
U.S. Department of Justice				
Direct Programs:				
Bullet Proof Vest Partnership Program	16.607		<u>\$ 8,447</u>	<u>\$ 8,447</u>
U.S. Department of Transportation				
Direct Programs:				
Airport Improvement Program	20.106	3-16-0018-35	<u>\$ 592,466</u>	<u>\$ 592,466</u>
		3-16-0018-36	<u>185,086</u>	<u>148,015</u>
			<u>\$ 777,552</u>	<u>\$ 740,481</u>
Pass-through Idaho Dept of Transportation:				
Highway Planning and Construction	20.205	Key 10497	<u>\$ 2,071</u>	<u>\$ 2,071</u>
		A009 (935)	<u>6,792</u>	<u>6,792</u>
			<u>\$ 8,863</u>	<u>\$ 8,863</u>
State and Highway Safety	20.600	OP-2010-01-00-00	<u>\$ 4,447</u>	<u>\$ 4,447</u>
		OP-2011-21-00-00	<u>2,256</u>	<u>2,256</u>
		OP-2011-01-00-00	<u>4,000</u>	<u>4,000</u>
			<u>\$ 10,703</u>	<u>\$ 10,703</u>
Alcohol Traffic Safety & Drunk Driving Prevention	20.601	K8-2010-01-00-00	<u>\$ 3,235</u>	<u>\$ 3,235</u>
		K8-2011-01-00-00	<u>4,494</u>	<u>4,494</u>
			<u>\$ 7,729</u>	<u>\$ 7,729</u>
Pass-through Idaho Military Division:				
Interagency Hazardous Materials				
Public Sector Training and				
Planning Grants	20.703	HMHMP0016090100	<u>\$ 2,334</u>	<u>\$ 2,334</u>
		HMHMP0165100100	<u>18,613</u>	<u>18,613</u>
			<u>\$ 20,947</u>	<u>\$ 20,947</u>
Total Department of Transportation			<u>\$ 825,794</u>	<u>\$ 788,723</u>

CITY OF IDAHO FALLS, IDAHO
Schedule of Expenditures of Federal Awards (continued)
Year Ended September 30, 2011

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Grantor's Number</u>	<u>Expenditures</u>	<u>Cash Basis Revenues</u>
U.S. Department of Energy				
Direct Programs:				
* Electric Delivery and Energy Reliability, Research, Development and Analysis	81.122	-	<u>\$ 665,803</u>	<u>\$ 665,803</u>
U.S. Department of Health and Human Services				
Direct Programs:				
Early Retiree Reinsurance Program	93.546	-	<u>\$ 77,065</u>	<u>\$ 77,065</u>
Pass-through Idaho Public Health National Bioterrorism Hospital Preparedness Program	93.889	-	<u>8,911</u>	<u>8,911</u>
			<u>\$ 85,976</u>	<u>\$ 85,976</u>
U.S. Department of Homeland Security				
Pass-through Idaho State Military Division				
* Homeland Security Grant	97.067	-	<u>\$ 160,590</u>	<u>\$ 160,590</u>
Total Federal Assistance			<u>\$ 2,792,713</u>	<u>\$ 2,755,642</u>

* Represents major programs.

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Idaho Falls, Idaho as of September 30, 2011 and is presented in accordance with the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amount presented in, or used in, the preparation of the financial statements.



RUDD COMPANY_{INC.}

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

Honorable Mayor and Members of the City Council
City of Idaho Falls, Idaho

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Idaho Falls, Idaho, as of and for the year ended September 30, 2011, which collectively comprise the City of Idaho Falls, Idaho's basic financial statements and have issued our report thereon dated January 31, 2012. We did not audit the financial statements of the Electric Light Fund, which is both major and 49%, 45% and 69% respectively, of the assets, net assets and revenues of the business-type activities. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Electric Light Fund is based solely on the report of other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Idaho Falls, Idaho's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Idaho Falls, Idaho's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Idaho Falls, Idaho's internal control over financial reporting.

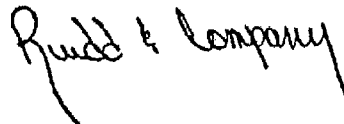
A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Idaho Falls, Idaho's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, City Council, others within the entity and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Rudd & Company". The signature is written in a cursive, flowing style.

January 31, 2012



RUDD COMPANY, LLC

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL
EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
AND PASSENGER FACILITY CHARGE (PFC) PROGRAMS**

Honorable Mayor and Members of the City Council
City of Idaho Falls, Idaho

Compliance

We have audited the City of Idaho Falls, Idaho's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City of Idaho Falls, Idaho's major federal programs and with the compliance requirements described in the Passenger Facility Charge Audit Guide for Public Agencies, issued by the Federal Aviation Administration (Guide), for its passenger facility charge program for the year ended September 30, 2011. The City of Idaho Falls, Idaho's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs and to its passenger facility program is the responsibility of the City of Idaho Falls, Idaho's management. Our responsibility is to express an opinion on the City of Idaho Falls, Idaho's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the Guide. Those standards, OMB Circular A-133 and the Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or on the passenger facility program occurred. An audit includes examining, on a test basis, evidence about the City of Idaho Falls, Idaho's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Idaho Falls, Idaho's compliance with those requirements.

In our opinion, the City of Idaho Falls, Idaho complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs and the passenger facility charge program for the year ended September 30, 2011.

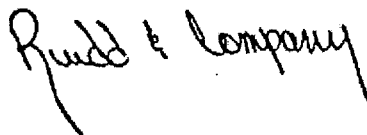
Internal Control Over Compliance

Management of the City of Idaho Falls, Idaho is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs and to the passenger facility charge program. In planning and performing our audit, we considered the City of Idaho Falls, Idaho's internal control over compliance with requirements that could have a direct and material effect on a major federal program or on the passenger facility charge program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Idaho Falls, Idaho's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, City Council, others within the entity, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Rudd & Company". The signature is written in dark ink and is positioned above the date.

January 31, 2012



RUDD & COMPANY_{INC.}

**INDEPENDENT AUDITORS' REPORT
ON SCHEDULE OF
PASSENGER FACILITY CHARGES COLLECTED AND EXPENDED**

Honorable Mayor and City Council
City of Idaho Falls, Idaho

We have audited the financial statements of the City of Idaho Falls, Idaho for the year ended September 30, 2011, and have issued our report thereon dated January 31, 2012. These financial statements are the responsibility of the City of Idaho Falls, Idaho's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the Passenger Facility Charge Program Audit Compliance Guide. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit was made for the purpose of forming an opinion on the financial statements of the City of Idaho Falls, Idaho, taken as a whole. The accompanying Schedule of Passenger Facility Charges Collected and Expended for the year ended September 30, 2011, which is the responsibility of management of the City of Idaho Falls, Idaho, is presented for the purpose of additional analysis and as required by the Federal Aviation Administration of the U.S. Department of Transportation to implement Section 9110 and 9111 of the Aviation Safety and Capacity Expansion Act of 1990 and is not a required part of the financial statements. The information in the schedule has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

Rudd & Company

January 31, 2012

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CITY OF IDAHO FALLS, IDAHO
Idaho Falls, Idaho Municipal Airport
Schedule of Passenger Facility Charges Collected and Expended
Year Ended September 30, 2011

	Passenger Facility Charges Collected	Passenger Facility Charges Expended
PFC Charges Collected and Expended for the Current Year	\$ 554,508	\$ 554,508
PFC Charges Collected and Expended in Prior Years	<u>7,201,172</u>	<u>7,201,172</u>
Total PFC Charges to Date	<u>\$ 7,755,680</u>	7,755,680
PFC Interest Earned to Date		27,394
Actual PFC Related Expenditures to Date		<u>(11,270,462)</u>
Ending Balance Unliquidated PFC Revenue Account (PFC Expended to Date, Plus Interest Less Actual Expenditures to Date		<u>\$ (3,487,388)</u>
Total Approved PFC Related Expenditures to Date		<u>\$ 11,255,531</u>

CITY OF IDAHO FALLS, IDAHO
Schedule of Findings and Questioned Costs
Year Ended September 30, 2011

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	None Reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	None Reported
Type or auditors' report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	No

CITY OF IDAHO FALLS, IDAHO
Schedule of Findings and Questioned Costs (continued)
Year Ended September 30, 2011

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program</u>
97.067	Homeland Security Grant
81.122	Electric Delivery and Energy Reliability, Research, Development and Analysis

Dollar threshold used to distinguish between Type A and Type B programs:	\$300,000
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Auditee qualified as low-risk auditee?	Yes
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Section II - Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

None